China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2015 and 2014 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
China Development Financial Holding Corporation

We have reviewed the accompanying consolidated balance sheets of China Development Financial Holding Corporation (the "Corporation") and subsidiaries as of March 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 - "Review of Financial Statements" issued by the Auditing Standards Committee of Accounting Research and Development Foundation of the Republic of China. A review of financial statements consists primarily of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements of China Development Financial Holding Corporation and subsidiaries (as of and for the three months ended March 31, 2015) referred to above for them to be in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reporting by Futures Commission Merchants, related rules governing the preparation of financial reports by managed futures enterprises, International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 25, 2015

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2015 (Reviewed)		December 31, 2014 (Audited after Restated)		March 31, 2014 (Reviewed after Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 51)	$ 25,287,050	3	$ 25,228,480	3	$ 34,211,246	5
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Notes 7 and 52)	63,042,000	7	41,616,681	4	45,683,335	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 51 and 52)	137,254,115	15	151,177,813	16	115,438,561	16
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 10 and 52)	142,862,046	15	139,610,600	15	112,659,345	16
DERIVATIVE FINANCIAL ASSETS FOR HEDGING (Note 11)	-	-	-	-	1,425	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	29,604,503	3	32,871,543	4	20,309,767	3
RECEIVABLES, NET (Notes 13, 14, 51 and 52)	162,414,751	17	131,789,029	14	132,363,271	19
CURRENT TAX ASSETS (Note 4)	708,163	-	720,044	-	745,383	-
DISCOUNT AND LOANS, NET (Notes 15 and 51)	227,403,051	24	225,777,475	25	113,618,525	16
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Note 16)	190,000	-	18,790,000	2	208,024	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 17 and 52)	10,613,385	1	8,562,987	1	7,729,543	1
RESTRICTED ASSETS (Notes 18, 52 and 53)	21,407,105	2	24,425,207	3	22,323,760	3
FINANCIAL ASSETS MEASURED AT COST (Note 19)	27,499,612	3	31,962,391	3	32,084,157	4
OTHER FINANCIAL ASSETS (Notes 20, 51 and 52)	45,041,476	5	41,792,876	5	50,019,641	7
INVESTMENT PROPERTIES, NET (Notes 21 and 52)	2,068,778	-	2,070,706	-	1,822,118	-
PROPERTY AND EQUIPMENT, NET (Notes 22 and 52)	14,404,898	1	14,393,809	2	9,080,317	1
INTANGIBLE ASSETS, NET (Note 23)	9,030,129	1	8,896,357	1	6,135,352	1
DEFERRED TAX ASSETS (Notes 4 and 48)	5,712,506	1	5,834,810	1	814,721	-
OTHER ASSETS, NET (Notes 24 and 52)	15,194,757	2	14,180,410	1	10,665,909	2
TOTAL	$ 939,738,325	100	$ 919,701,218	100	$ 715,914,400	100
LIABILITIES AND EQUITY						
LIABILITIES						
Call loans from banks (Notes 25 and 51)	$ 7,867,696	1	$ 12,680,778	1	$ 9,527,458	1
Financial liabilities at fair value through profit or loss (Notes 8 and 51)	29,334,851	3	35,082,307	4	24,693,405	4
Derivative financial liabilities for hedging (Note 26)	9,691	-	20,659	-	53,297	-
Securities sold under repurchase agreements (Notes 8, 9, 10, 27 and 51)	124,355,987	13	132,826,606	14	127,543,612	18
Commercial paper payable, net (Notes 28 and 52)	29,433,669	3	13,925,045	2	17,898,220	3
Payables (Notes 29 and 51)	50,453,788	5	58,243,555	6	57,120,347	8
Current tax liabilities (Note 4)	1,284,707	-	1,994,883	-	2,349,103	-
Deposits and remittances (Notes 30 and 51)	334,679,948	36	304,557,970	33	151,009,930	21
Bonds payable (Notes 31 and 51)	23,570,225	3	34,660,984	4	34,586,157	5
Other loans (Notes 32, 51 and 52)	60,941,695	6	35,204,646	4	19,817,004	3
Provisions (Notes 4, 33 and 34)	1,180,745	-	1,215,264	-	1,156,021	-
Principal of structured products (Note 35)	53,251,532	6	74,150,578	8	72,947,860	10
Customers' equity accounts - futures (Note 51)	31,994,567	3	23,754,390	3	14,990,290	2
Other financial liabilities (Note 8)	385,897	-	392,027	-	365,443	-
Deferred tax liabilities (Notes 4 and 48)	1,454,321	-	1,423,785	-	1,201,151	-
Other liabilities (Note 36)	14,180,077	2	13,544,034	2	8,107,113	1
Total liabilities	764,379,396	81	743,677,511	81	543,366,411	76
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF PARENT COMPANY (Notes 37 and 38)						
Share capital						
Share capital - common	153,533,183	16	153,438,493	17	150,369,666	21
Advance receipts for share capital - common	250	-	5,969	-	-	-
Capital surplus	600,999	-	590,923	-	528,030	-
Retained earnings						
Legal reserve	3,077,853	-	3,077,853	-	2,247,453	-
Special reserve	1,123,858	-	1,123,858	-	3,609,815	-
Unappropriated earnings	18,018,236	2	15,275,884	2	11,470,218	2
Other						
Exchange differences on translating foreign operations	(228,519)	-	201,379	-	(1,295,463)	-
Unrealized gain (loss) on available-for-sale financial assets	(63,750)	-	(177,929)	-	1,414,208	-
Unrealized loss on cash flow hedges	(9,691)	-	(20,659)	-	(51,872)	-
Others	(76,415)	-	(26,956)	-	(63,787)	-
Treasury shares	(4,271,618)	-	(3,298,709)	(1)	(2,170,286)	-
Total equity attributable to stockholders of parent company	171,704,386	18	170,190,106	18	166,057,982	23
NON-CONTROLLING INTERESTS	3,654,543	1	5,833,601	1	6,490,007	1
Total equity	175,358,929	19	176,023,707	19	172,547,989	24
TOTAL	$ 939,738,325	100	$ 919,701,218	100	$ 715,914,400	100

The accompanying notes are an integral part of the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2015 (Reviewed)		2014 (Reviewed after Restated)	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 39 and 51)	$ 3,913,423	49	$ 2,658,212	40
INTEREST EXPENSE (Notes 39 and 51)	(1,427,425)	(18)	(871,135)	(13)
INTEREST PROFIT, NET	2,485,998	31	1,787,077	27
NONINTEREST PROFITS AND GAINS, NET				
Service fee and commission, net (Notes 40 and 51)	2,042,389	25	1,698,419	26
Gain on financial assets and liabilities at fair value through profit or loss, net (Note 41)	1,388,234	17	(32,452)	-
Realized gain on available-for-sale financial assets, net (Note 42)	634,645	8	2,405,873	36
Foreign exchange gains, net	131,548	2	54,015	1
Loss on asset impairment, net (Note 43)	(23,347)	-	(41,292)	(1)
Share of the profit of associates	198,672	3	92,880	1
Gain on financial assets measured at cost, net (Note 44)	650,452	8	266,038	4
Others (Notes 45 and 51)	508,141	6	393,049	6
Total noninterest profits and gains, net	5,530,734	69	4,836,530	73
TOTAL NET REVENUES	8,016,732	100	6,623,607	100
REVERSAL OF ALLOWANCE FOR BAD DEBTS AND LOSSES ON GUARANTEES, NET	165,247	2	73,588	1
OPERATING EXPENSES (Notes 34, 46, 47 and 51)				
Employee benefits	(3,120,520)	(39)	(2,334,809)	(36)
Depreciation and amortization	(347,623)	(4)	(278,919)	(4)
Other operating and administrative expenses	(1,550,956)	(19)	(1,004,477)	(15)
Total operating expenses	(5,019,099)	(62)	(3,618,205)	(55)
NET PROFIT BEFORE INCOME TAX	3,162,880	40	3,078,990	46
INCOME TAX EXPENSE (Notes 4 and 48)	(380,395)	(5)	(343,746)	(5)
NET PROFIT FOR THE PERIOD	2,782,485	35	2,735,244	41

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2015 (Reviewed)		2014 (Reviewed after Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss, net of income tax				
Exchange differences on translating foreign operations	$ (404,060)	(5)	$ 578,473	9
Unrealized gain (loss) on available-for-sale financial assets	60,451	1	(213,180)	(3)
Unrealized gain (loss) on cash flow hedges	10,968	-	(7,125)	-
Share of the other comprehensive income of associates	28,178	-	168,323	2
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 48)	(809)	-	187,554	3
Other comprehensive income for the period, net of income tax	(305,272)	(4)	714,045	11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 2,477,213	31	$ 3,449,289	52
NET PROFIT ATTRIBUTABLE TO:				
Stockholders of the parent company	$ 2,745,175	34	$ 2,689,108	40
Non-controlling interests	37,310	1	46,136	1
	$ 2,782,485	35	$ 2,735,244	41
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Stockholders of the parent company	$ 2,440,424	30	$ 3,402,731	51
Non-controlling interests	36,789	1	46,558	1
	$ 2,477,213	31	$ 3,449,289	52
EARNINGS PER SHARE (Note 49)				
Basic	$ 0.18		$ 0.18	
Diluted	$ 0.18		$ 0.18	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Stockholders of Parent Company													
	Share Capital			Retained Earnings			Other Equity							
	Common Stock	Advance Receipts for Share Capital - Common	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Cash Flow Hedges	Others	Treasury Shares	Total Equity Attributable to Stockholders of Parent Company	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 150,308,833	$ -	$ 535,087	$ 2,247,453	$ 3,609,815	$ 8,799,179	$ (1,945,718)	$ 1,343,715	$ (44,747)	$ (24,126)	$ (2,170,286)	$ 162,659,205	$ 6,443,449	$ 169,102,654
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(18,069)	-	-	-	-	-	(18,069)	-	(18,069)
BALANCE AT JANUARY 1, 2014 AS RESTATED	150,308,833	-	535,087	2,247,453	3,609,815	8,781,110	(1,945,718)	1,343,715	(44,747)	(24,126)	(2,170,286)	162,641,136	6,443,449	169,084,585
Net profit for the three months ended March 31, 2014 as restated	-	-	-	-	-	2,689,108	-	-	-	-	-	2,689,108	46,136	2,735,244
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	-	650,255	70,493	(7,125)	-	-	713,623	422	714,045
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	2,689,108	650,255	70,493	(7,125)	-	-	3,402,731	46,558	3,449,289
Share-based payments	60,833	-	(7,057)	-	-	-	-	-	-	(39,661)	-	14,115	-	14,115
BALANCE AT MARCH 31, 2014	$ 150,369,666	$ -	$ 528,030	$ 2,247,453	$ 3,609,815	$ 11,470,218	$ (1,295,463)	$ 1,414,208	$ (51,872)	$ (63,787)	$ (2,170,286)	$ 166,057,982	$ 6,490,007	$ 172,547,989
BALANCE AT JANUARY 1, 2015	$ 153,438,493	$ 5,969	$ 590,923	$ 3,077,853	$ 1,123,858	$ 15,378,140	$ 205,176	$ (177,929)	$ (20,659)	$ (26,956)	$ (3,298,709)	$ 170,296,159	$ 3,617,754	$ 173,913,913
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(102,256)	(3,797)	-	-	-	-	(106,053)	2,215,847	2,109,794
BALANCE AT JANUARY 1, 2015 AS RESTATED	153,438,493	5,969	590,923	3,077,853	1,123,858	15,275,884	201,379	(177,929)	(20,659)	(26,956)	(3,298,709)	170,190,106	5,833,601	176,023,707
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	-	391	-	-	-	-	-	-	-	-	391	-	391
Net profit for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	-	-	-	-	-	2,745,175	37,310	2,782,485
Other comprehensive income for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	(429,898)	114,179	10,968	-	-	(304,751)	(521)	(305,272)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	(429,898)	114,179	10,968	-	-	2,440,424	36,789	2,477,213
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(972,909)	(972,909)	-	(972,909)
Share-based payments	94,690	(5,719)	9,685	-	-	(2,823)	-	-	-	(49,459)	-	46,374	-	46,374
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,215,847)	(2,215,847)
BALANCE AT MARCH 31, 2015	$ 153,533,183	$ 250	$ 600,999	$ 3,077,853	$ 1,123,858	$ 18,018,236	$ (228,519)	$ (63,750)	$ (9,691)	$ (76,415)	$ (4,271,618)	$ 171,704,386	$ 3,654,543	$ 175,358,929

The accompanying notes are an integral part of the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2015 (Reviewed)	**2014 (Reviewed after Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 3,162,880	$ 3,078,990
Adjustments for		
Depreciation expenses	131,157	103,845
Amortization expenses	216,466	175,074
Reversal of allowance for bad debts and losses on guarantees, net	(165,247)	(73,588)
Interest expense	1,447,098	880,858
Interest income	(4,350,652)	(2,965,625)
Dividend income	(87,991)	(121,849)
Share of the profit of associates	(198,039)	(95,170)
Gain on disposal of investments	(1,039,090)	(2,197,546)
Others	46,911	(317,341)
Changes in operating assets and liabilities		
Due from the Central Bank and other banks	(2,872,319)	(747,261)
Financial assets at fair value through profit or loss	13,923,698	(17,671,914)
Available-for-sale financial assets	1,596,603	-
Securities purchased under resell agreements	(6,213,017)	(7,029,427)
Receivables	(29,472,323)	(6,629,056)
Discount and loans	(1,478,995)	(6,802,442)
Held to maturity financial assets	18,600,000	-
Other financial assets	(3,189,046)	(21,181,135)
Other assets	2,906,775	(457,530)
Call loans from banks	(4,813,082)	2,815,838
Financial liabilities at fair value through profit or loss	(5,870,692)	2,111,872
Securities sold under repurchase agreements	(8,470,619)	15,568,608
Payables	(9,840,650)	(6,970,870)
Deposits and remittances	30,121,978	36,201,038
Other financial liabilities	(22,623,710)	8,405,485
Other liabilities	10,396,920	354,944
Interest received	4,762,909	3,092,242
Dividend received	61,238	102,504
Interest paid	(1,834,742)	(1,231,865)
Income tax paid	(976,073)	(459,458)
Net cash used in operating activities	(16,121,654)	(2,060,779)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(20,999,056)	(548,783)
Proceeds on sale of available-for-sale financial assets	17,161,267	7,205,860

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2015 (Reviewed)	**2014 (Reviewed after Restated)**
Purchase of financial assets measured at cost	$ (760,334)	$ (494,934)
Proceeds on sale of financial assets measured at cost	1,006,100	1,143,479
Capital return on financial assets measured at cost	44,053	60,123
Acquisition of equity-method investments	(298,500)	-
Proceeds from capital return on equity-method investments	119,879	-
Purchase of property and equipment	(83,966)	(92,433)
Others	(74,379)	(103,600)
Net cash generated from (used in) investing activities	(3,884,936)	7,169,712
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	26,313,343	1,164,324
Increase in commercial paper payable	15,208,352	7,781,995
Proceeds from issue of corporate bonds	6,000,000	-
Repayments of corporate bonds	(8,100,000)	-
Repayments of bonds payable	(9,000,000)	(2,500,000)
Proceeds of long-term loans	-	305,128
Repayments of long-term loans	(275,960)	(317,973)
Purchase of treasury shares	(972,909)	-
Others	31,052	596
Net cash generated from financing activities	29,203,878	6,434,070
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(66,414)	182,043
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,130,874	11,725,046
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	84,850,996	75,907,801
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 93,981,870	$ 87,632,847

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2015 and 2014:

	March 31	
	2015 (Reviewed)	2014 (Reviewed after Restated)
Cash and cash equivalents in consolidated balance sheets	$ 25,287,050	$ 34,211,246
Due from the Central Bank and other banks that meet the definition of cash and cash equivalents in IAS 7 "Statement of Cash Flows"	46,129,526	42,401,477
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	22,565,294	11,020,124
Cash and cash equivalents in consolidated statements of cash flows	$ 93,981,870	$ 87,632,847

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

China Development Financial Holding Corporation (the "Corporation") was established by China Development Industrial Bank (CDIB) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. CDIB became a wholly owned subsidiary of the Corporation after the share swap.

The Corporation acquired First Taiwan Securities Corporation ("First Taiwan") and Grand Cathay Securities Corporation ("Grand Cathay") through a share swap on November 8, 2002. The effective date of the merger between Grand Cathay and First Taiwan was December 31, 2003. Grand Cathay was the survivor company after the merger.

On April 30, 2012, the Corporation's board of the directors approved the acquisition of 100% shares of KGI Securities Co., Ltd. (KGI Securities) through a tender offer. The Corporation acquired 81.73% of KGI Securities' shares (totaling 2,672,420 thousand shares) during the public tender offer period. On September 28, 2012, the Corporation's stockholders resolved to acquire KGI Securities' remaining 18.27% shares through a share swap and completed on January 18, 2013. Thus, KGI Securities is a 100% subsidiary of the Corporation. The effective date of the merger between KGI Securities and Grand Cathay was June 22, 2013. KGI Securities was the survivor company after the merger.

On April 8, 2014, the Corporation's shareholders resolved to acquire KGI Bank Co., Ltd. ("KGI Bank") through a share swap. Each KGI Bank share was exchanged for 0.2 share of the newly issued common stock of the Corporation plus NT$13.4 cash of KGI Bank's stock price on September 15, 2014. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

The Corporation invests in and manages the businesses of finance-related institutions and investees.

The Corporation's shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB was incorporated under the Company Act and relevant regulations and started operations on May 14, 1959. Effective January 1, 1999, CDIB was converted from a trust corporation into an industrial bank under government approval.

On March 2 and April 13, 2015, CDIB's board of the directors of CDIB approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB and (b) CDIB's holdings of shares in CDIB's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation in accordance with Article 185 of Company Act and Article 27 of Business Mergers and Acquisitions Act. On April 16, the transaction is approved by Financial Supervisory Commission in accordance with Rule No. 10400053521, and the chairman was authorized by the board of directors to approve the date of transfer of business on May 1, 2015.

Before the transfer of business, industrial banking operations of which CDIB engages in included certain deposit-taking, lending, investment, bank debenture issuing, securities underwriting, domestic exchange, guarantee provision, letter of credit issuing, receivable acquisition, government bond purchasing, trust operations, offshore banking, derivative financial instruments and other activities under the authority approval. After the transfer of business, CDIB engages in industrial banking operations which included securities investment, investment, financial related business, venture capital and other activities under the authority approval.

KGI Securities was established on September 14, 1988. It merged with Jen-Hsin Securities Co., Ltd., Ta Ya Securities Co., Ltd., and Feng Yuan Securities Co., Ltd. in 2002; with Tai-Yu Securities Co., Ltd. in 2003, with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of March 31, 2015, KGI Securities had a head office and 84 branches which included head office.

KGI Securities operates as a securities underwriter, dealer, broker and rendering of other securities services as approved by the related authorities.

KGI Bank was established on January 14, 1992. As of March 31, 2015, KGI Bank had a main office, an offshore banking unit (OBU), and 48 domestic branches.

KGI Bank engages in banking operations are regulated under the banking Act.

For more information on the organization and business of the consolidated entities, please refer to Table 6 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issue on May 25, 2015.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendment to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulation Governing the Preparation of Financial Reports by Securities Firms, Regulation Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC).

   Rule No. 10310006010, No. 10300346801 and No. 1030010325 issued by the FSC, stipulated that the Corporation and subsidiaries should apply the 2013 version of IFRS, IAS, IFRIC, SIC (collectively, the "IFRSs") and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the IASB and endorsed by the FSC starting January 1, 2015.

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Corporation and subsidiaries' accounting policies:

   1) IFRS 10 "Consolidated Financial Statements"

      IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Corporation and subsidiaries consider whether it have control over other entities for consolidation. The Corporation and subsidiaries have control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

Under IFRS 10, the Company will recognize control over CDIB Capital Asia Partners L.P. since the acquisition date. Prior to the application of IFRS 10, the subsidiary of the Companies' ownership interest in CDIB Capital Asia Partners L.P. is treated as an investment in associate and thus accounted for this investment using the equity method.

In year 2015, upon the initial application of IFRS 10, the Company will measure and recognize CDIB Asia Partners L.P.'s assets, liabilities and non-controlling interests as if CDIB Capital Asia Partners L.P. had been consolidated from the date when the Company obtained control over it and will adjust retrospectively the amounts on December 31, 2014. Any difference between the amounts recognized and the carrying amount under equity method is recognized as an adjustment to equity. The anticipated impact of the initial application of IFRS 10 is detailed as follows:

Impact on Assets, Liabilities and Equity	**Carrying Amount**	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount**
December 31, 2014			
Cash and cash equivalents	$ 25,130,691	$ 97,789	$ 25,228,480
Receivables, net	131,858,663	(69,634)	131,789,029
Investment accounted for using equity method, net	10,637,078	(2,074,091)	8,562,987
Financial assets measured at cost	27,778,085	4,184,306	31,962,391
Payables	58,230,976	12,579	58,243,555
Retained earnings	19,579,851	(86,259)	19,493,592
Exchange differences on translating foreign operations	205,176	(3,797)	201,379
Non-controlling interests	3,617,754	2,215,847	5,833,601

2) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 "Investments in Associates and Joint Ventures"

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 57 for related disclosures.

5) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Corporation and subsidiaries will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of (associates/joint ventures) accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of (associates/joint ventures) accounted for using the equity method.

6) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to employee benefits and retained earnings. In addition, in preparing the consolidated financial statements for the three months ended March 31, 2015, the Company would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact on the current period is set out below:

Impact on Assets, Liabilities and Equity	**March 31, 2015**
Decrease in provisions	$ 518
Increase in retained earnings	$ 518

Impact on Total Comprehensive Income	**For the Three Months Ended March 31, 2015**
Decrease in employee benefits	$ 518

The impact on the prior period is set out below:

Impact on Assets, Liabilities and Equity	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
December 31, 2014			
Provisions	$ 1,199,267	$ 15,997	$ 1,215,264
Retained earnings	19,579,851	(15,997)	19,563,854
March 31, 2014			
Provisions	1,138,470	17,551	1,156,021
Retained earnings	17,345,037	(17,551)	17,227,486
January 1, 2014			
Provisions	1,140,616	18,069	1,158,685
Retained earnings	14,656,447	(18,069)	14,638,378

Impact on Total Comprehensive Income	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
For the three months ended March 31, 2015			
Employee benefits	$ 2,335,327	$ (518)	$ 2,334,809

7) Annual Improvements to IFRSs: 2009-2011 Cycle

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

8) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reporting by Futures Commission Merchants and Regulations Governing the Preparation of Financial Reports by Securities Issuers for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

b. New IFRSs in issue but not yet endorsed by FSC

The Corporation and subsidiaries has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Corporation and subsidiaries' accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Corporation and subsidiaries' debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Corporation and subsidiaries may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Corporation and subsidiaries takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Corporation and subsidiaries is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRIC 21 "Levies"

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Corporation and subsidiaries accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;

- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

7) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when the Corporation and subsidiaries sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation and subsidiaries loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Corporation and subsidiaries sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate, i.e. the Corporation and subsidiaries’ share of the gain or loss is eliminated. Also, when the Corporation and subsidiaries loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate, i.e. the Corporation and subsidiaries’ share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Corporation and subsidiaries includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

9) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Corporation and subsidiaries should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Corporation and subsidiaries should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and subsidiaries is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Corporation and subsidiaries’ financial position and financial performance, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Corporation and subsidiaries consolidated financial statements for the year ended December 31, 2014, except for those described below.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in interim financial report is less than disclosures required in a full set of annual financial reports.

Basis of Preparation

As of March 31, 2015, December 31, 2014 and March 31, 2014, the consolidated entities included in the consolidated financial statements included 80, 81 and 74 companies, respectively (please refer to the attached Table 6 for details).

Retirement Benefit Costs

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and prior service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets excluding interest, is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Taxation

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2014.

6. CASH AND CASH EQUIVALENTS

	March 31, 2015	December 31, 2014	March 31, 2014
Cash in banks	$ 13,993,256	$ 12,662,406	$ 12,974,792
Due from other banks	3,947,333	6,965,259	17,133,961
Short-term transactions instruments with maturities of up to three months	3,367,925	2,920,850	3,314,665
Notes and checks for clearing	1,477,095	394,711	47
Futures excess margin	1,221,297	933,022	658,555
Others	1,280,144	1,352,232	129,226
	$ 25,287,050	$ 25,228,480	$ 34,211,246

Cash and cash equivalents as of December 31, 2014 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of March 31, 2015 and 2014:

	December 31, 2014
Cash and cash equivalents in consolidated balance sheet	$ 25,228,480
Due from the Central Bank and other banks that meet the definition of cash and cash equivalents in IAS 7	27,577,163
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	32,045,353
Cash and cash equivalents in consolidated statement of cash flow	$ 84,850,996

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2015	December 31, 2014	March 31, 2014
Due from the Central Bank	$ 49,980,456	$ 30,139,236	$ 42,114,683
Call loans to banks	13,061,544	11,477,445	3,568,652
	$ 63,042,000	$ 41,616,681	$ 45,683,335

Statutory deposit reserves placed in the Central Bank of the ROC are determined at prescribed rates based on the monthly average balances of customers' New Taiwan dollar deposits. As of March 31, 2015, December 31, 2014 and March 31, 2014, these reserves included $7,195,419 thousand, $7,849,296 thousand and $4,213,331 thousand, respectively, which were subject to withdrawal restrictions.

In addition, under a directive issued by the Central Bank of the ROC, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime and are noninterest earning. The balances of foreign-currency deposit reserves were $157,005 thousand, $142,731 thousand and $54,918 thousand as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

For the Central Bank issued certificates of deposits pledged as collaterals for day-term overdraft, please refer to Note 52.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets held for trading			
Derivative instrument			
Currency swap contracts	$ 4,837,703	$ 14,122,818	$ 3,884,797
Interest rate swap contracts	4,395,212	4,633,155	3,838,600
Premiums paid on option contracts	2,786,687	2,453,718	1,463,208
Others	2,567,671	2,160,349	1,152,926
Non-derivative financial assets			
Operating securities (Note 9)	76,332,751	89,807,323	74,718,045
Bank debentures	28,572,495	21,008,563	15,887,781
Mutual funds	5,619,689	6,320,256	5,893,898
Corporate bonds	5,285,967	5,306,309	4,323,006
Convertible (exchangeable) corporate bonds	2,895,471	2,733,520	2,089,268
Others	3,025,770	2,398,116	1,975,220
	136,319,416	150,944,127	115,226,749
Financial assets designated as at FVTPL			
Convertible (exchangeable) corporate bonds	223,214	233,686	211,812
Others	711,485	-	-
	934,699	233,686	211,812
Financial assets at FVTPL	$ 137,254,115	$ 151,177,813	$ 115,438,561
Financial liabilities held for trading			
Derivative instrument			
Currency swap contracts	$ 5,313,959	$ 14,432,034	$ 5,351,459
Interest rate swap contracts	4,775,137	4,739,291	3,761,695
Premiums received on option contracts	4,470,857	3,305,838	3,021,008
Others	3,363,289	4,241,427	3,675,699
Non-derivative financial liabilities			
Borrowed securities payable	3,897,976	4,495,468	6,340,032
Securities purchased under resell agreement - securities financing	694,467	830,616	460,133
Government bonds - securities financing	350,233	-	-
	22,865,918	32,044,674	22,610,026
Financial liabilities designated as at FVTPL			
Bank debentures payable	4,276,678	1,071,148	1,080,383
Structured products	2,192,255	1,966,485	1,002,996
	6,468,933	3,037,633	2,083,379
Financial liabilities at FVTPL	$ 29,334,851	$ 35,082,307	$ 24,693,405

As of March 31, 2015, December 31, 2014 and March 31, 2014, bank debentures issued by CDIB and designated as at FVTPL were as follows:

Bank Debenture Number	March 31, 2015	December 31, 2014	March 31, 2014	Issuance Period	Method of Paying Principles and Interests	Interest Rate
No. 940301	$ 1,050,000	$ 1,050,000	$ 1,050,000	May 18, 2006 - May 18, 2016	Principal due on maturity; interest payable annually	2.15%
15CDIB1	3,328,506	-	-	March 24, 2015 - March 24, 2045	Principal due on maturity (Note)	0%
	4,378,506	1,050,000	1,050,000			
Valuation adjustments	(101,828)	21,148	30,383			
	$ 4,276,678	$ 1,071,148	$ 1,080,383			

Note: Base on 100% of the carry value of each bond principal plus the interest shall be payable early redemption since the expiration of two year from the issue date (inclusive).

The contract (nominal) amounts of the Corporation and subsidiaries' outstanding derivative financial instruments as of March 31, 2015, December 31, 2014 and March 31, 2014 are summarized as follows:

	Contract Amount		
	March 31, 2015	**December 31, 2014**	**March 31, 2014**
Currency swap contracts	$ 947,643,176	$ 926,590,408	$ 775,207,010
Interest rate swap contracts	615,246,061	627,897,252	638,232,702
Option and Futures contracts	393,866,080	396,248,979	509,331,286
Forward exchange contracts	43,878,570	40,037,779	40,454,702
Cross-currency swap contracts	30,221,029	28,535,005	13,774,446
Assets swap contracts	14,604,234	14,375,313	9,576,964
Structured note contracts	11,369,036	15,856,879	14,214,302
Equity derivative financial contracts	3,215,000	7,906,629	3,908,017
Non-deliverable forward contracts	2,790,254	3,478,777	5,243,707
Others	2,390,459	847,553	2,648,842

As of March 31, 2015, December 31, 2014 and March 31, 2014, financial assets held for trading with aggregate carrying values of $28,624,545 thousand, $23,843,582 thousand and $19,468,304 thousand, respectively, had been sold under repurchase agreements (recognized as securities sold under repurchase agreements).

On July 15, 2010, CDIB initiated action against Morgan Stanley & Co. International PLC ("Morgan Stanley") et al. to recover losses CDIB suffered as a result of its investment in a Morgan Stanley's credit default swap (CDS) product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities; the representations made to CDIB by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant financial losses to CDIB. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and CDIB had recognized all gains and losses from the transaction. The balance of US$11,977,825 (NT$376,116 thousand based on the exchange rate of March 31, 2015) was reclassified to "other financial liabilities." In addition, Morgan Stanley overlooked CDIB's efforts and terminated interest rate swap (IRS) contracts (nominal principal amount: KRW24,000,000 thousand) and CDS contracts (nominal principal amount: JPY586,510 thousand), CDIB reserves the right of legal proceedings.

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Corporation and subsidiaries, please refer to Note 52.

9. OPERATING SECURITIES

	March 31, 2015	December 31, 2014	March 31, 2014
Dealing			
Oversea securities	$ 26,586,505	$ 34,870,590	$ 24,040,866
Corporate bonds	20,151,775	27,719,299	27,374,280
Government bonds	10,577,624	10,607,709	7,816,317
Listed, OTC and emerging market stocks	9,598,317	6,619,532	8,679,713
Others	1,103,468	1,896,953	145,409
	68,017,689	81,714,083	68,056,585
Underwriting			
Listed and OTC stocks	959,090	922,894	833,788
Corporate bonds	817,342	1,082,488	1,080,097
	1,776,432	2,005,382	1,913,885
Hedge positions			
Listed and OTC stocks	5,885,826	5,504,487	4,456,167
Oversea securities	332,184	439,853	142,632
Others	320,620	143,518	148,776
	6,538,630	6,087,858	4,747,575
	$ 76,332,751	$ 89,807,323	$ 74,718,045

As of March 31, 2015, December 31, 2014 and March 31, 2014, operating securities, with aggregate carrying values of $57,506,658 thousand, $63,998,162 thousand and $53,171,532 thousand, respectively (recognized as securities sold under repurchase agreements).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Government bonds	$ 85,270,427	$ 77,621,553	$ 40,420,640
Listed, OTC and emerging market stocks	24,486,147	25,378,584	29,544,197
Corporate bonds	16,349,317	17,924,278	19,454,951
Bank debentures	15,826,491	18,033,182	20,974,165
Others	929,664	653,003	2,265,392
	$ 142,862,046	$ 139,610,600	$ 112,659,345

As of March 31, 2015, December 31, 2014 and March 31, 2014, available-for-sale financial assets, with aggregate carrying values of $37,420,416 thousand, $41,869,805 thousand and $54,097,604 thousand, respectively, had been sold under repurchase agreements (recognized as securities sold under repurchase agreements).

For the information on available-for-sale financial assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 52.

11. DERIVATIVE FINANCIAL ASSETS

CDIB is exposed to the cash flow interest rate risk associated with the floating-rate financial instruments. Since the risk is considered to be material, CDIB enters into interest rate swap contracts to hedge against the risk.

	Designated as Hedging Instruments								
		March 31, 2015		December 31, 2014		March 31, 2014			Project Period of Related Gain/Loss
Hedged Item	Hedging Instrument	Nominal Amount	Fair Value	Nominal Amount	Fair Value	Nominal Amount	Fair Value	Project Period of Cash Flow Generation	Recognized in the Income Statement
Floating rate Bank debentures payable	Interest rate swap contract	$ -	$ -	$ -	$ -	$ 1,000,000	$ 1,425	2004-2014	2004-2014

	For the Three Months Ended March 31	
	2015	2014
Adjustment of equity in the current period	$ -	$ (529)
Deducted from equity and charged to current gain	-	(17,614)

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2015	December 31, 2014	March 31, 2014
Government bonds	$ 11,952,763	$ 11,592,393	$ 7,002,604
Commercial paper	10,123,870	14,572,223	9,329,833
Corporate bonds	4,165,311	2,708,935	2,415,617
Bank debentures	3,362,559	3,997,992	1,561,713
	$ 29,604,503	$ 32,871,543	$ 20,309,767
Resold amounts	$ 29,612,149	$ 32,855,968	$ 20,317,733
Last maturity date	June 2015	February 2015	July 2014

13. RECEIVABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Receivables on margin loans, refinancing margin and refinancing deposits receivable	$ 76,655,130	$ 46,260,170	$ 44,921,577
Accounts receivable - forfaiting	39,460,791	44,598,847	45,970,072
Receivable accounts for settlement	23,074,677	16,146,392	26,008,986
Lease receivables	6,775,339	6,718,267	6,106,591
Settlement prices	4,712,792	5,579,197	3,655,333
Interest receivable	2,993,161	3,335,519	2,283,523
Acquired loans	2,620,614	2,648,465	2,713,013
Credit card receivables	2,403,129	2,522,220	-
Others	6,794,138	7,065,403	2,750,013
	165,489,771	134,874,480	134,409,108
Less: Allowance for bad debts	(3,075,020)	(3,085,451)	(2,045,837)
	$ 162,414,751	$ 131,789,029	$ 132,363,271

The Corporation and Subsidiaries' changes in allowance for bad debts of receivables were as follows:

	For the Three Months Ended March 31	
	2015	**2014**
Balance, January 1	$ 3,085,451	$ 2,131,059
Reversal	(21)	(94,061)
Loans reclassified to nonperforming loans	(60)	-
Write-off	-	(290)
Effect of exchange rate changes	(10,350)	9,129
Balance, March 31	$ 3,075,020	$ 2,045,837

For the information on impairment loss analysis of receivables, please refer to Note 58.

The amount of receivables pledged as collateral for the Corporation and subsidiaries please refer to Note 52.

14. LEASE RECEIVABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Gross investment in the lease	$ 7,367,671	$ 7,309,548	$ 6,704,492
Less: Unearned finance income	(592,332)	(591,281)	(597,901)
	6,775,339	6,718,267	6,106,591
Less: Allowance for impairment loss	(133,186)	(126,402)	(136,485)
Present value of minimum lease payments receivable	$ 6,642,153	$ 6,591,865	$ 5,970,106

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The interest rate inherent in the finance lease was approximately 3.21%-19.27%, 3.02%-17.47% and 3.21%-24.31% per annum as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

Finance lease receivables were secured over the plant and machinery leased. The Corporation and subsidiaries were not permitted to sell or replete the collateral in the absence of default by the lessee.

15. DISCOUNTS AND LOANS

	March 31, 2015	December 31, 2014	March 31, 2014
Short-term unsecured loans	$ 33,428,734	$ 33,493,262	$ 9,352,018
Short-term secured loans	6,902,016	8,991,871	4,157,053
Medium-term unsecured loans	85,977,092	83,176,250	47,834,446
Medium-term secured loans	54,322,263	50,501,237	38,552,524
Long-term unsecured loans	7,230,176	7,425,407	6,415,101
Long-term secured loans	40,945,570	43,171,051	6,151,569

(Continued)

	March 31, 2015	December 31, 2014	March 31, 2014
Export negotiations	$ 1,432,682	$ 1,895,072	$ 3,090,025
Loans reclassified to nonperforming loans	299,326	633,353	-
	230,537,859	229,287,503	115,552,736
Less: Allowance for bad debts	(3,079,055)	(3,447,239)	(1,831,876)
Less: Discounts on loans	(55,753)	(62,789)	(102,335)
	$ 227,403,051	$ 225,777,475	$ 113,618,525

(Concluded)

For the three months ended March 31, 2015 and 2014, the Corporation and subsidiaries carried out legal procedures required before writing off certain credits.

The Corporation and subsidiaries' changes in allowance for bad debts of discounts and loans were as follows:

	For the Three Months Ended March 31	
	2015	2014
Balance, January 1	$ 3,447,239	$ 1,779,774
Allowance	92,245	43,219
Write-off	(454,799)	-
Effects of exchange rate changes	(5,630)	8,883
Balance, March 31	$ 3,079,055	$ 1,831,876

For the information on impairment loss analysis of discounts and loans, please refer to Note 58.

16. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Corporate bonds	$ 190,000	$ 190,000	$ 5,010
Negotiable certificate of deposit issued by CBC	-	18,600,000	-
Bank debentures	-	-	203,014
	$ 190,000	$ 18,790,000	$ 208,024

The Corporation and subsidiaries did not pledge any held-to-maturity financial assets as collateral.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	%	Amount	%	Amount	%
CDIB & Partner Investment Holding Corporation	$ 4,940,851	34	$ 4,821,872	34	$ 4,099,092	29
KGI Securities (Thailand) Public Company Limited	2,225,529	35	2,164,679	35	2,145,114	35

(Continued)

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	%	Amount	%	Amount	%
CDIB Capital Asia Partners L.P.	$ 1,608,641	-	$ -	-	$ -	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	690,358	-	702,508	-	-	-
CDIB CME Found Ltd.	582,009	40	304,752	40	292,424	40
Others	565,997		569,176		1,192,913	
	$ 10,613,385		$ 8,562,987		$ 7,729,543	

(Concluded)

Investments accounted for using the equity method and the Corporation and subsidiaries' share of earnings and other comprehensive income of CDIB & Partners Investment Holding Corporation and KGI Securities (Thailand) Public Company Limited are calculated based on reviewed financial statements; those of other affiliates are calculated based on unreviewed financial statements. Management believes that the financial statements of these investees had not been reviewed, there would have been no significant effect on the consolidated financial statements.

Please refer to Note 52 for investments under equity method pledged as collateral.

18. RESTRICTED ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Restricted demand deposits	$ 20,972,802	$ 23,844,623	$ 21,325,275
Stocks	149,392	149,392	149,392
Accounts receivables	100,303	101,800	62,451
Checking accounts - restricted for agent's stock transfer purposes	92,375	231,601	618,835
Impound account	49,234	53,759	77,795
Accrued revenue	28,127	28,127	22,406
Due from other banks	14,872	15,905	16,357
Refundable deposits	-	-	51,249
	$ 21,407,105	$ 24,425,207	$ 22,323,760

The above restricted demand deposits refer to amounts received from clients for the securities brokerage business and the deposit guarantee for engaging in derivatives transactions from the Corporation's subsidiaries in Hong Kong.

For the information on restricted assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 52.

After the filing of a certain complaint against Morgan Stanley (Note 53), CDIB could not access the following funds in connection with transactions made with Morgan Stanley because of its unauthorized disposition: Accounts receivable, deposits, cash security on CDS contracts, available-for-sale stock investments and the related accrued revenue. Because of the inaccessibility of these funds, these financial assets reclassified as "restricted assets".

19. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2015	December 31, 2014	March 31, 2014
Unlisted overseas partnership fund	$ 12,230,461	$ 12,327,771	$ 12,186,460
Unlisted stocks - common stock	8,895,395	12,913,135	11,584,942
Others	6,373,756	6,721,485	8,312,755
	$ 27,499,612	$ 31,962,391	$ 32,084,157
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 26,708,003	$ 26,962,138	$ 30,926,572
Financial assets at FVTPL	791,609	5,000,253	1,157,585
	$ 27,499,612	$ 31,962,391	$ 32,084,157

CDIB and subsidiaries disposed of certain financial assets measured at cost with carrying amount of $432,475 thousand and $1,014,842 thousand during the three months ended March 31, 2015 and 2014, respectively, recognizing disposal gain of $573,625 thousand and $128,637 thousand, respectively.

20. OTHER FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Guarantee deposits received on futures contracts	$ 33,381,967	$ 24,310,737	$ 15,023,507
Time deposits with original maturities over three months	7,787,869	12,487,419	30,768,412
Debt instruments with no active market	2,668,905	2,680,996	2,981,125
Pledged time deposit	1,081,567	1,980,802	1,096,417
Others	121,168	332,922	150,180
	$ 45,041,476	$ 41,792,876	$ 50,019,641

For the information on other financial assets pledged as collateral for loans, please refer to Note 52.

21. INVESTMENT PROPERTIES

	March 31, 2015	December 31, 2014	March 31, 2014
Land	$ 1,789,748	$ 1,790,154	$ 1,537,983
Buildings and facilities	279,030	280,552	284,135
	$ 2,068,778	$ 2,070,706	$ 1,822,118

Except for depreciation recognized, the Corporation and subsidiaries' had no significant addition, disposal and impairment of investment properties during the three months ended March 31, 2015 and 2014.

The above items of investment properties were depreciated on a straight-line basis at the following rates per annum:

Buildings and facilities	
Main building and parking spaces	20-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years

The fair values of the Corporation and subsidiaries' investment properties as of March 31, 2015, December 31, 2014 and March 31, 2014 were $3,277,119 thousand, $3,310,420 thousand and $3,072,587 thousand, respectively. In addition to the fair value of KGI Bank's investment properties use the evaluation by the non-related Real Estate Appraisers. The fair value valuation had not been performed by independent qualified professional values; however, management of the Corporation and subsidiaries used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Corporation and subsidiaries' investment properties were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Corporation and subsidiaries to secure borrowings were reflected in Note 52.

22. PROPERTY AND EQUIPMENT

	March 31, 2015	December 31, 2014	March 31, 2014
Land	$ 8,914,058	$ 8,914,058	$ 5,750,399
Buildings and facilities	4,607,120	4,643,337	2,577,236
Computer equipment	345,307	314,221	275,333
Transportation equipment	13,822	17,925	1,609
Other equipment	264,013	270,917	246,308
Leasehold improvements	133,903	129,671	151,407
Leased assets	86,413	76,851	47,858
	14,364,636	14,366,980	9,050,150
Prepayments for acquisition of properties	40,262	26,829	30,167
	$ 14,404,898	$ 14,393,809	$ 9,080,317

The above items of property and equipment were depreciated on a straight-line basis at the following rates per annum:

Buildings and facilities	
Main building and parking spaces	20-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Computer equipment	3-6 years
Transportation equipment	2-15 years
Other equipment	
Office furniture and equipment	1-8 years
Others	10 years
Leasehold improvements	1-6 years
Leased assets	1-5 years

For the information on property and equipment pledged as collateral, please refer to Note 52.

23. INTANGIBLE ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Operation rights	$ 6,718,229	$ 6,884,636	$ 5,814,354
Goodwill	1,807,676	1,509,125	-
Computer software	467,828	466,200	284,602
Others	36,396	36,396	36,396
	$ 9,030,129	$ 8,896,357	$ 6,135,352

Except for amortization recognized, the Corporation and subsidiaries' had no significant addition, disposal, and impairment of other intangible assets during the three months ended March 31, 2015 and 2014.

The above items of intangible assets were depreciated on a straight-line basis at the following rates per annum:

Operation rights	7-20 years
Computer software	3-6 years

24. OTHER ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Refundable deposits	$ 7,027,780	$ 9,942,929	$ 5,957,513
Collected for underwriting payment of shares	3,153,082	4,527	759
Prepaid expense	1,908,721	919,105	421,339
Deposits for operating bonds	1,537,493	1,957,465	2,396,424
Clearing and settlement funds	561,831	558,736	560,336
Competitive bid transactions guarantee	456,482	357,225	660,381
Collaterals assumed	179,275	187,832	227,775
Others	370,093	252,591	441,382
	$ 15,194,757	$ 14,180,410	$ 10,665,909

As of March 31, 2015, December 31, 2014 and March 31, 2014, the above collaterals were net of accumulated impairment losses of $61,427 thousand, $62,415 thousand and $18,657 thousand, respectively.

For the information on other assets pledged as collateral, please refer to Note 52.

25. CALL LOANS FROM BANKS

	March 31, 2015	December 31, 2014	March 31, 2014
Call loans from banks	$ 6,576,020	$ 11,375,025	$ 8,740,026
Deposits from Chunghwa Post Co., Ltd.	1,291,180	1,305,753	787,432
Overdrafts of the Bank	496	-	-
	$ 7,867,696	$ 12,680,778	$ 9,527,458

26. DERIVATIVE FINANCIAL LIABILITIES

	Designated as Hedging Instruments								
		March 31, 2015		December 31, 2014		March 31, 2014			
Hedged Item	Hedging Instrument	Nominal Amount	Fair Value	Nominal Amount	Fair Value	Nominal Amount	Fair Value	Project Period of Cash Flow Generation	Project Period of Related Gain/Loss Recognized in the Income Statement
Floating rate Corporate bonds payable	Interest rate swap contract	$ 2,350,000	$ 9,691	$ 2,350,000	$ 20,659	$ 2,350,000	$ 53,297	2008-2015	2008-2015

	For the Three Months Ended March 31	
	2015	2014
Adjustment of equity in the current period	$ (190)	$ (346)
Deducted from equity and charged to current gain	11,158	11,364

27. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	March 31, 2015	December 31, 2014	March 31, 2014
Bank debentures	$ 50,289,323	$ 48,653,105	$ 40,476,537
Corporate bonds	45,602,006	57,355,571	60,788,667
Government bonds	28,464,658	26,817,930	26,138,442
Others	-	-	139,966
	$ 124,355,987	$ 132,826,606	$ 127,543,612
Repurchased amounts	$ 124,821,806	$ 133,045,357	$ 127,708,653
Last maturity date	October 2015	April 2015	July 2014

28. COMMERCIAL PAPER PAYABLE

	March 31, 2015	December 31, 2014	March 31, 2014
Commercial paper payable	$ 29,444,926	$ 13,932,591	$ 17,904,448
Less: Unamortized discount	(11,257)	(7,546)	(6,228)
	$ 29,433,669	$ 13,925,045	$ 17,898,220
Rate	0.45%-1.64%	0.40%-1.64%	0.40%-1.77%
Last maturity date	May 2015	February 2015	June 2014

As of March 31, 2015, Bank of Taipei, Dah Chang Bills Finance Corporation, Taishin International Bank, Mega Bills Finance Co, China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation, Taichung Bank, Grand Bills Finance Corp. and Ta Ching Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $23,218,123 thousand, had no guarantee.

As of December 31, 2014, Grand Bills Finance Corp., Dah Chang Bills Finance Corporation, Taichung Bank, Taiwan Business Bank, Sunny Bank, Ta Ching Finance Corporation, Bank of Taiwan, Bank of Taipei, Shanghai Commercial Bank, Mega Bills Finance Co., China Bills Finance Corporation, International Bills Finance Corporation and Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $11,659,090 thousand, had no guarantee.

As of March 31, 2014, Grand Bills Finance Corp., First Commercial Bank, Dah Chang Bills Finance Corporation, Taishin International Bank, Taichung Bank, Mega Bills Finance Co., Industrial of Taiwan, Entie Commercial Bank, China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation and Ta Cheng Bank guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $16,367,576 thousand, had no guarantee.

29. PAYABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Accounts payable for settlement	$ 30,479,391	$ 30,975,299	$ 36,920,798
Deposits payable for securities financing	7,470,861	12,232,091	10,046,681
Accrued expenses	2,410,765	4,095,721	1,786,144
Settlement prices	2,073,784	2,009,320	2,082,204
Securities financing guarantee deposits	1,494,282	3,611,630	2,656,200
Checks for clearing	1,477,095	394,711	47
Others	5,047,610	4,924,783	3,628,273
	$ 50,453,788	$ 58,243,555	$ 57,120,347

30. DEPOSITS AND REMITTANCES

	March 31, 2015	December 31, 2014	March 31, 2014
Time deposits	$ 221,906,432	$ 197,415,654	$ 144,149,628
Saving deposits	86,845,103	85,397,967	-
Demand deposits	23,487,341	20,528,977	6,768,891
Negotiable CDs	1,380,900	55,900	-
Checking deposits	1,049,796	1,150,400	55,417
Inward remittance	10,376	9,072	35,994
	$ 334,679,948	$ 304,557,970	$ 151,009,930

31. BONDS PAYABLE

	March 31, 2015	December 31, 2014	March 31, 2014
Corporate bonds payable	$ 20,012,200	$ 22,120,680	$ 21,100,000
Bank debentures payable	3,558,025	12,540,304	13,486,157
	$ 23,570,225	$ 34,660,984	$ 34,586,157

Corporate Bonds Payable

	March 31, 2015	December 31, 2014	March 31, 2014
1st corporate bonds in 2009 - the Corporation	$ 1,000,000	$ 6,000,000	$ 6,000,000
1st corporate bonds in 2011 - the Corporation	6,000,000	6,000,000	6,000,000
1st corporate bonds in 2011 - KGI Securities	-	3,100,000	3,100,000
1st corporate bonds in 2008 - the Corporation	3,000,000	3,000,000	3,000,000
1st corporate bonds in 2013 - the Corporation	3,000,000	3,000,000	3,000,000
1st corporate bonds in 2014 - the Corporation	6,000,000	-	-
1st corporate bonds in 2014 - KGI Securities	1,012,200	1,020,680	-
	$ 20,012,200	$ 22,120,680	$ 21,100,000

In June 2008, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2008 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

Bond C and Bond D: Seven years.

b. Issue coupon/interest rate:

Bond C: 3.40% fixed annual interest rate.
Bond D: Indicator rate plus 0.70%

The indicator rate is the fixing rate of the 90-day short-term bills in the secondary market quoted by the Reuters at 11:00 a.m., two working days prior to the date of accruing interest as of issue date (shown on page 6165). If the rate is not available, the average rate of the last working day before the above first day will be used instead.

c. Method of paying principal and interest: Principal due on maturity; Bond C was issued at par, interest payable annually. The interests period for Bond D start every three months from the issue date; interest payable annually and principal repayable on the due date.

d. Pledged: Negative.

The interest rates on the above bonds were 1.578%-3.40% and 1.563%-3.40% for the three months ended March 31, 2015 and 2014, respectively. Bond C and Bond D will mature in June 2015.

In March 2010, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2009 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

Bond A: Five years.
Bond B: Seven years.

b. Issue coupon/interest rate:

   Bond A: 1.80% fixed annual interest rate.
   Bond B: 2.00% fixed annual interest rate.

c. Method of paying principal and interest:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

Bond A will mature in March 2015 and Bond B will mature in March 2017.

In March 2012, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2011 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

   Bond A: Five years.
   Bond B: Seven years.

b. Issue coupon/interest rate:

   Bond A: 1.32% fixed annual interest rate.
   Bond B: 1.42% fixed annual interest rate.

c. Method of paying principal and interest:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

Bond A will mature in March 2017 and Bond B will mature in March 2019.

In May 2013, the Corporation issued $3,000,000 thousand of 1st unsecured corporate bonds in 2013 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.37% fixed annual interest rate.

c. Method of paying principal and interests: Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in May 2018.

In March 2015, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2014 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.42% fixed annual interest rate.

c. Method of paying principal and interests: Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in March 2020.

In March 2012, KGI Securities issued $3,100,000 thousand of 1st unsecured corporate bonds in 2011 with par value of $10,000 thousand. The bond terms were as follows:

a. Issue period: Three years.

b. Issue coupon/interest rate: 1.15% fixed annual interest rate.

c. Method of paying principal and interest:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bond will mature in March 2015.

In November 2014, KGI Securities issued RMB200,000 thousand of 1st unsecured corporate bonds in 2014 with par value of RMB1,000 thousand. The bond terms were as follows:

a. Issue period: Two years.

b. Issue coupon/interest rate: 3.50% fixed annual interest rate.

c. Method of paying principal and interests: Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in November 2016.

Bank Debentures Payable

Name	March 31, 2015	December 31, 2014	March 31, 2014	Issue Year	Repayment Year	Interest Rate	Note
No. 920901	$ -	$ -	$ 1,000,000	2004.04.29-2014.04.29	Principal due on maturity; interest payable quarterly	1.15*(USD CMS 30Y-USD CMS 2Y) (Note 1)	Note 2
No. 960101	2,750,000	2,750,000	2,750,000	2008.01.09-2017.12.13	Principal due on maturity	0%	
No. 960301	-	9,000,000	9,000,000	2008.01.30-2015.01.30	Principal due on maturity; interest payable annually	3.00%	
No. 960401	1,000,000	1,000,000	1,000,000	2008.01.31-2015.04.30	Principal due on maturity; interest payable annually, the last payment for three months	3.10%	
Issued amount	3,750,000	12,750,000	13,750,000				
Unamortized discount	(191,975)	(209,696)	(263,843)				
Net amount	$ 3,558,025	$ 12,540,304	$ 13,486,157				

Note 1: CMS 30Y represents the 30-year USD-ISDA swap interest rate.
CMS 2Y represents the 2-year USD-ISDA swap interest rate.

Note 2: Hedged items of CDIB’s cash flow hedge.

32. OTHER LOANS

	March 31, 2015	December 31, 2014	March 31, 2014
Short-term secured loans	$ 37,143,877	$ 10,452,427	$ 9,838,784
Short-term credit loans	18,498,121	18,876,228	7,398,359
Note issuance facility	4,898,569	5,198,903	1,099,221
Long-term credit loans	290,501	338,808	307,166
Long-term secured loans	110,627	338,280	1,173,474
	$ 60,941,695	$ 35,204,646	$ 19,817,004
Rate	0.25%-6.00%	0.73%-7.12%	0.75%-6.40%
Last maturity date	October 2017	August 2018	August 2018

33. PROVISIONS

	March 31, 2015	December 31, 2014	March 31, 2014
Employee benefits	$ 890,962	$ 887,355	$ 825,259
Guarantees	107,299	109,498	111,158
Others	182,484	218,411	219,604
	$ 1,180,745	$ 1,215,264	$ 1,156,021

34. RETIREMENT BENEFIT PLANS

The Corporation and subsidiaries' retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2014 and 2013, and recognized in their respective periods.

The Corporation recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $8,522 thousand and $8,734 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $79,638 thousand and $57,592 thousand, respectively for the three months ended March 31, 2015 and 2014.

35. PRINCIPAL OF STRUCTURED PRODUCTS

	March 31, 2015	December 31, 2014	March 31, 2014
Structured products - host contracts	$ 43,492,999	$ 60,671,951	$ 61,213,400
Structured-note contracts - principal-guaranteed notes	9,758,533	13,478,627	11,734,460
	$ 53,251,532	$ 74,150,578	$ 72,947,860

36. OTHER LIABILITIES

	March 31, 2015	December 31, 2014	March 31, 2014
Guarantee deposits received	$ 8,363,237	$ 10,468,931	$ 6,100,074
Collections for underwriting stock value	3,128,127	-	14
Collections for others	1,216,529	1,496,018	841,112
Advance receipts	639,872	881,782	789,984
Others	832,312	697,303	375,929
	$ 14,180,077	$ 13,544,034	$ 8,107,113

37. EQUITY

a. Share capital

Common stock

	March 31, 2015	December 31, 2014	March 31, 2014
Numbers of shares authorized (in thousands)	20,000,000	20,000,000	20,000,000
Shares authorized	$ 200,000,000	$ 200,000,000	$ 200,000,000
Number of shares issued and fully paid (in thousands)	15,353,343	15,344,446	15,036,967
Shares issued	$ 153,533,433	$ 153,444,462	$ 150,369,666

On April 8, 2014, the Corporations' stockholders approved the acquisition of KGI Bank through a share swap, and KGI Bank will be the Corporation's wholly owned subsidiary after the share swap. The boards of directors decided to increase capital by 306,147 thousand shares, NT$10 per share, total $3,061,467 thousand on August 11, 2014 and set the date of capital increase and conversion as September 15, 2014.

b. Capital surplus

	March 31, 2015	December 31, 2014	March 31, 2014
Arising from treasury stock transactions	$ 337,166	$ 337,166	$ 337,166
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	183,071	183,071	93,249
Share-based payments awards	63,563	56,971	(14,568)
Arising from share of changes in capital surplus of associates	13,729	13,338	112,183
Capital surplus-issue of stock in excess	3,470	377	-
	$ 600,999	$ 590,923	$ 528,030

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions and excess of consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Corporation's capital surplus and once a year.

The capital surplus from long-term investments may not be used for any purpose.

Under Rule No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion came from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, they may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 10010000440 issued by the FSC, Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, CDIB**,** Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until March 31, 2010 to special reserve. The Corporation also recognized $461,314 thousand as special reserve.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital.

Under a directive issued by the SFB, whenever the components of stockholders' equity which includes unrealized gains or losses on financial instruments and cumulative translation adjustment but not treasury stock have debit balances, a special reserve equal to the total debit balance should be appropriated from the current year's earnings and unappropriated earnings generated in the prior years. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", when transitioning to IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Corporation's use of exemptions under IFRS 1. However, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed.

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Corporation appropriated for special reserve an amount of $287,933 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

d. Appropriation of earnings

The provisions of the Corporation's Articles of Incorporation were summarized as follows:

The sequence of earnings appropriation is to cover previous years' accumulated losses and related taxes, if any, are sequenced as follows legal reserve on the current year's net income, followed by a special reserve or reversal defined by laws. Employees' bonus will be appropriated at least 1% of the remainder and remuneration to directors will be 1% at most. The board of directors has its discretion to propose the appropriation of the final remainder of the earnings given the unappropriated earnings at the beginning of the period. The stockholders have the final authority to approve the appropriation of earnings. In addition, subsidiaries' qualified employees are eligible to receive stock bonus when appropriated.

The appropriation amount of the aforesaid remuneration to directors is resolved by the Corporation's stockholders.

For the three months ended March 31, 2015 and 2014, employees' bonus and remuneration to directors of $51,653 thousand and $54,898 thousand, respectively, were estimated and accrued on the basis of past experience. The estimates for employees' bonus and remuneration to directors were calculated at more than 1% and no more than 1% of net income, which is net of the bonus, the remuneration, 10% legal reserve and special reserve required by law, respectively. If there are materials differences between such estimated amounts and the amounts proposed by the board of directors in the following year, the differences are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the stockholders' meeting.

To continually expand the Corporation's operations and increase its profitability as well as comply with the Company Act and relevant regulations, the Corporation adopts the residual dividend policy. The Corporation decides the conditions for time and amount of dividend allocation based on regulations and the Corporation's Articles of Incorporation. Taking the Corporation's business plan into account, the Corporation would pay dividends in the form of stock. In any case the cash dividends should not be less than 10% of total dividends distributed.

Legal reserve should be appropriated from earnings until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the Integrated Income Tax System, resident stockholders are allowed tax credits, based on the balance of the Imputation Credit Account (ICA) on the dividend distribution date, for the income tax paid by the Corporation on earnings generated since 1998.

The appropriation of earnings should be resolved by the stockholders in the following year and given effect to in the financial statements of that year.

On April 27, 2015 and June 20, 2014, the board of the stockholders approved the resolution on the appropriations from the earnings of 2014 and 2013, respectively, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		**Dividends Per Share**	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 1,083,623	$ 830,400		
Special reserve (reversal of special reserve)	358,817	2,485,957		
Cash dividends	9,098,673	6,014,787	$0.6	$0.4

	2014	**2013**
	Cash Bonus	**Cash Bonus**
Bonus to employees	$ 102,000	$ 98,000
Remuneration to directors	75,000	70,000

	Bonus to Employee	Remuneration to Directors
2014		
Amounts approved by the board of the directors	$ 102,000	$ 75,000
The accrued amount recognized in the annual financial statements	102,000	75,000
	$ -	$ -
2013		
Amounts approved by the board of the stockholders	$ 98,000	$ 70,000
The accrued amount recognized in the annual financial statements	98,000	70,000
	$ -	$ -

The earnings appropriation of 2014 will be presented to the stockholders for approval in their meeting.

Related information can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e. Non-controlling interests

	For the Three Months Ended March 31	
	2015	2014
Balance at January 1	$ 5,833,601	$ 6,443,449
Attributable to non-controlling interests		
Share of profit for the period	37,310	46,136
Exchange difference on translating of foreign operations	(390)	654
Unrealized losses on available-for-sale financial assets	(131)	(232)
Effect of decrease in consolidated subsidiaries	(2,215,847)	-
Balance at March 31	$ 3,654,543	$ 6,490,007

38. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of Period (In Thousands)
For the three months ended March 31, 2015				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	323,232	-	-	323,232
Held by the Corporation to maintain its credit and stockholders' equity	93,405	95,483	-	188,888
	416,637	95,483	-	512,120
For the three months ended March 31, 2014				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	302,586	-	-	302,586

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition and share swap date respectively, were treated as treasury stock. The market prices of the shares were $3,283,056 thousand and $2,635,522 thousand on March 31, 2015 and 2014, respectively. The Corporation's shares held by CDIB are also treated as treasury stock and recognized book value on the swap date. The market prices of the shares were $224,011 thousand on March 31, 2015.

On November 24, 2014, the board of directors resolved to buy back 200,000 thousand of the Corporation's shares between November 24, 2014 and January 23, 2015 under the regulations of Article 28-2 of the Securities and Exchange Act. The purpose of this buyback was to maintain the Corporation's reputation and the stockholders' equity; the buyback price was set at NT$9.81 to NT$11.08 per share and the buyback would be continued even when the stock price went down below the lower bound of the price interval set, in compliance with Article 2 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The Corporation had repurchased 188,888 thousand shares at an average price of NT$10.03 per share and retired all the treasury stocks on May 18, 2015.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any stockholders' rights on those shares.

39. NET INTEREST PROFIT

	For the Three Months Ended March 31	
	2015	2014
Interest revenues		
Discounts and loans	$ 1,914,474	$ 627,500
Margin loans and refinancing margin	704,195	649,184
Securities	481,840	359,927
Account receivable - forfaiting	309,135	363,280
Due to and call loans to other banks	195,976	381,429
Others	307,803	276,892
	3,913,423	2,658,212
Interest expenses		
Deposits	826,284	337,138
Securities sold under repurchase agreements	172,872	136,192
Corporate bonds	80,388	80,334
Structured products	48,229	74,632
Bank debentures	46,817	107,165
Others	252,835	135,674
	1,427,425	871,135
Interest revenues, net	$ 2,485,998	$ 1,787,077

40. NET SERVICE FEE REVENUE

	For the Three Months Ended March 31	
	2015	2014
Service fee revenue		
Brokerage	$ 1,951,421	$ 1,798,084
Trust	192,337	76,689
Others	314,100	37,101
	2,457,858	1,911,874
Service fee expense		
Brokerage	295,597	146,952
Agency	43,067	21,274
Others	76,805	45,229
	415,469	213,455
Service fee, net	$ 2,042,389	$ 1,698,419

41. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Three Months Ended March 31	
	2015	2014
Derivatives	$ (1,092,010)	$ (892,221)
Operating securities	1,521,789	532,988
Bonds	649,338	371,625
Mutual funds	219,309	140,780
Liabilities for issuance of call (put) warrants	83,233	(166,967)
Others	6,575	(18,657)
	$ 1,388,234	$ (32,452)

For the three months ended March 31, 2015 and 2014, the Corporation and subsidiaries' financial assets and liabilities at fair value through profit or loss included interest revenue of $437,229 thousand and $307,413 thousand, respectively, dividend income of $3,006 thousand and $362 thousand, respectively and interest expense of $8,436 thousand and $5,566 thousand, respectively.

42. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Three Months Ended March 31	
	2015	2014
Gain on stock disposal	$ 501,555	$ 1,998,208
Gain on bond disposal	118,008	8,887
Gain on conversion of convertible bonds interest	-	385,329
Others	15,082	13,449
	$ 634,645	$ 2,405,873

43. LOSS ON ASSET IMPAIRMENT

	For the Three Months Ended March 31	
	2015	2014
Financial assets measured at cost	$ 17,679	$ 29,067
Others	5,668	12,225
	$ 23,347	$ 41,292

44. GAIN ON FINANCIAL ASSETS MEASURED AT COST

	For the Three Months Ended March 31	
	2015	2014
Gain on security disposal	$ 579,424	$ 156,159
Dividend income	47,403	28,609
Fund capital gain distributions	23,371	80,957
Others	254	313
	$ 650,452	$ 266,038

45. NET OTHER NONINTEREST PROFIT AND GAIN

	For the Three Months Ended March 31	
	2015	2014
Management income	$ 148,989	$ 94,616
Revenue from underwriting	135,280	183,905
Gain (loss) on sale of nonperforming	50,364	(45,169)
Consignment settlement and delivery expense	(45,180)	(34,100)
Commission revenues	42,763	32,091
Revenue from providing agency service for stock affairs	31,618	35,140
Rental income	27,593	21,010
Revenue from investment trust and fund managing	26,387	26,113
Others	90,327	79,443
	$ 508,141	$ 393,049

46. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2015	2014
Employee benefit expense		
Salaries and wages	$ 2,684,926	$ 1,931,408
Employee insurance	159,080	127,576
Pension	88,160	66,326
Others	188,354	209,499
	$ 3,120,520	$ 2,334,809
Depreciation and amortization expenses	$ 347,623	$ 278,919

47. OTHER OPERATING ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31	
	2015	2014
Taxation	$ 348,030	$ 207,294
Rental	237,665	173,542
Professional services	165,773	112,239
Postage	130,490	70,459
Repair	90,480	46,772
Computer information	75,352	53,653
Others	503,166	340,518
	$ 1,550,956	$ 1,004,477

48. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Corporation adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

The accounting treatment applied to linked-tax system for income tax filings is to adjust the difference between the consolidated current/deferred taxes and the individual current/deferred taxes of the Corporation and subsidiaries, and allocate income tax expense/benefit to the Corporation and each subsidiary's pro rata; related amounts are recognized as current tax assets or current tax liabilities.

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Three Months Ended March 31	
	2015	2014
Current income tax		
Current year	$ 226,552	$ 341,151
Prior years	396	12,443
	226,948	353,594
Deferred income tax		
Current year	153,447	(9,848)
Income tax expense recognized in profit or loss	$ 380,395	$ 343,746

As the status of 2015 appropriation of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Three Months Ended March 31	
	2015	**2014**
Deferred income tax		
Unrealized gain (loss) on available-for-sale financial assets	$ 809	$ (187,554)

c. Integrated income tax

	March 31, 2015	**December 31, 2014**	**March 31, 2014**
Present value of defined benefit obligation	$ 1,363,552	$ 1,363,552	$ 1,266,894

The Corporation's creditable tax ratio for the distribution of earnings of 2014 and 2013 were 8.08% (estimated) and 16.22%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Corporation was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to stockholders of the Corporation was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

The Corporation had no unappropriated earnings generated before January 1, 1998.

d. Income tax assessments

The Corporation's income tax returns through 2009 had been examined by the tax authorities. The Corporation disagreed with the tax authorities' assessments of its 2007 to 2009 tax returns and thus filed tax appeals.

CDIB's income tax returns through 2009 had been examined by the tax authorities. However, CDIB disagreed with the tax authorities' assessments of its 2007 tax returns and thus filed tax appeals.

Income tax returns of China Venture Management Inc., China Development Asset Management Corp., CHG3, CHG4, Development Industrial Bank Asset Management Corp., CDIB Capital Management Corp. (formerly named CDIB Equity Inc.), CDC Financial & Leasing Corporation and CDIB Management Consulting Corporation through 2013 had been examined by the tax authorities. Income tax returns of R.O.C. Strategic Company Ltd., CDIB Strategic Venture Fund, Ltd. and CDIB Venture Capital Corporation through 2012 had been examined by the tax authorities. However, CDIB venture Capital Corporation disagreed with the tax authorities' assessments of its 2010 tax return and thus filed tax appeals.

The income tax returns of formerly Grand Cathay through 2009 had been examined by the tax authorities. Formerly Grand Cathay disagreed with the tax authorities' assessments of its 2007 to 2009 tax returns and thus filed tax appeals.

The income tax returns of KGI Securities for the years through 2011 had been examined by the tax authorities. The income tax returns of Taishin Securities Co., Ltd., KGI Securities Investment Trust Co., Ltd. through 2009 had been examined. KGI Securities disagreed with the tax authorities' rejection of the tax withheld from interest income earned by predecessors, respective operating costs and other tax-exempt income of 2006 through 2011. As a result, KGI Securities filed tax appeals.

Income tax returns of KGI Securities Investment Advisory Co., Ltd., KGI Insurance Brokers Co., Ltd., GSFC, KGI Venture Capital Co., Ltd., KGI Futures Co., Ltd., KGI Securities Investments Trust Co., Ltd. and formerly GCFC, formerly GCIS, and through 2013 had been examined by the tax authorities.

Income tax returns of KGI Bank for the years through 2011 and 2013 had been examined by the tax authorities. Income tax returns of KGI Bank Insurance Brokerage Company for the years through 2013 had been examined by the tax authorities.

49. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended March 31	
	2015	**2014**
Basic EPS	$ 0.18	$ 0.18
Diluted EPS	$ 0.18	$ 0.18

The earnings and weighted average number of common shares outstanding in the computation of EPS were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2015	**2014**
Earnings used in the computation of EPS	$ 2,745,175	$ 2,689,108

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2015	**2014**
Weighted average number of common shares outstanding in computation of basic EPS	14,842,274	14,724,238
Effect of dilutive potentially common shares:		
Employee share options	8,745	-
Restricted shares	4,742	2,691
Weighted average number of common shares outstanding in computation of diluted EPS	14,855,761	14,726,929

50. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation acquired 100% of KGI Bank share through a share swap. In accordance with this contract, the Corporation granted options to replace KGI Bank's options granted in May and August 2011. Qualified employees of KGI Bank were granted 30,862 options and 11,088 on conversion date. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 6.64 and 6.96 years and exercisable at certain percentages from now.

Besides, the Corporation granted 44,850 employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 7 years and exercisable 2 years after the issuance date.

For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Three Months Ended March 31, 2015	
	Number of Options (In Thousands)	**Weighted-average Exercise Price (NT$)**
Balance at January 1	83,231	$ 9.48
Options exercised	(3,197)	9.32
Options invalid	(1,025)	9.89
Balance at March 31	79,009	9.48
Options exercisable, end of period	34,509	9.40
Weighted-average remaining contractual life (years)	6.38	

The weighted-average share prices at the date of exercise of share options from January 1 to March 31, 2015 were $10.61.

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	$9.54-10
Exercise price	$7.68-9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the three months ended March 31, 2015 were $4,473 thousand.

b. Issue restricted share plan

The board of directors of the Corporation has decided to issue restricted shares plan which is $40,597 thousand in total, and $10 per face value totaled 4,060 thousand shares with issue price of $0 (free issuance) at August 19, 2013. Further, the board of directors made August 26, 2013 as the base-date for capital increase. Fair value on the payment day of the stock was $8.15.

The board of directors of the Corporation has decided to issue restricted shares plan which is $60,833 thousand in total, and $10 per face value totaled 6,083 thousand shares with issue price of $0 (free issuance) at January 27, 2014. Further, the board of directors made January 27, 2014 as the base-date for capital increase. Fair value on the payment day of the stock was $8.84.

The board of directors of the Corporation has decided to issue restricted shares plan which is $56,997 thousand in total, and $10 per face value totaled 5,700 shares with issue price of $0 (free issuance) at February 9, 2015. Further, the board of directors made February 13, 2015 as the base-date for capital increase. Fair value on the payment day of the stock was $10.80.

The vesting portion of shares is summarized and managed year by year, and the vesting rate of the shares is 40%, 30% and 30% for 1-year, 2-year and 3-year respectively. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees don't have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called "allocated rights" thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the three months ended March 31, 2015 and 2014, the Corporation recognized $12,098 thousand and $14,115 thousand as compensation cost.

51. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

a. Related parties

Related Party	Relationship with the Corporation and Subsidiaries
Others	Other related parties

b. Significant transactions with related-parties

1) Cash in banks (recognized as cash and cash equivalents)

	Amount	%
March 31, 2015	$ 9,167	-
December 31, 2014	8,769	-
March 31, 2014	81,843	-

For the three months ended March 31, 2015 and 2014, the interest revenues from cash in bank were $18 thousand and $17 thousand, respectively.

2) Due from other banks (recognized as cash and cash equivalents)

	Amount	%
March 31, 2015	$ 403,850	2
December 31, 2014	59,533	-
March 31, 2014	12,334	-

For the three months ended March 31, 2015 and 2014, the interest revenues from due from other banks were $0 thousand.

3) Operating securities (recognized as financial assets at fair value through profit or loss)

	March 31, 2014	
	Amount	%
Dealing	$ 220,117	-

4) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	Amount	%
March 31, 2015	$ 36,827	-
December 31, 2014	16,218	-
March 31, 2014	177,433	-

5) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2015		
Other related parties	$ 101,419	$ -
For the three months ended March 31, 2014		
Other related parties	49,820	49,819

6) Receivable on margin loans (recognized as receivables, net)

	Amount	%
March 31, 2015	$ 12,386	-
December 31, 2014	10,070	-
March 31, 2014	11,201	-

7) Credit card receivable (recognized as receivables, net)

	Amount	%
March 31, 2015	$ 12,683	-
December 31, 2014	8,272	-

8) Discounts and loans, net

	Amount	%	Interest Rate (%)
March 31, 2015	$ 921,632	-	1.48-18.25
December 31, 2014	485,119	-	1.21-18.25
March 31, 2014	500,000	-	1.21-2.53

For the three months ended March 31, 2015 and 2014, the interest revenues from discounts and loans were $3,109 thousand and $1,025 thousand, respectively.

Balance as of March 31, 2015

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	20	$ 13,882	$ 12,185	$ 12,185	$ -	-	Yes
Residential mortgage loans	42	833,331	801,093	801,093	-	Real estate	Yes
Others	Other related parties	111,725	108,354	108,354	-	Real estate/deposit	Yes

Balance as of December 31, 2014

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	20	$ 12,883	$ 11,888	$ 11,888	$ -	-	Yes
Residential mortgage loans	26	479,198	468,829	468,829	-	Real estate	Yes
Others	Other related parties	705,193	4,402	4,402	-	Real estate/deposit	Yes

Balance as of March 31, 2014

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Others	Other related parties	$ 697,036	$ 500,000	$ 500,000	$ -	-	Yes

9) Guarantee deposits received in futures contracts (recognized as other financial assets)

	Amount	%
March 31, 2015	$ 62,575	-
December 31, 2014	64,255	-
March 31, 2014	65,234	-

10) Call loans from other banks (recognized as call loans from banks)

	March 31			
	2015		2014	
	Amount	% to Total	Amount	% to Total
Other related parties	$ 506,100	6	$ 915,300	10

For the three months ended March 31, 2015 and 2014, the interest expenses from call loans from other banks were $629 thousand and $3,063 thousand, respectively.

11) Guarantee deposits payable for securities financing (recognized as payables)

	Amount	%
March 31, 2015	$ 24,292	-
December 31, 2014	36,099	-
March 31, 2014	18,808	-

12) Deposits payable for securities financing (recognized as payables)

	Amount	%
March 31, 2015	$ 26,863	-
December 31, 2014	39,915	-
March 31, 2014	20,795	-

13) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2015	$ 761,430	-	0-6.5
December 31, 2014	443,734	-	0-6.5
March 31, 2014	128,345	-	0-6.5

For the three months ended March 31, 2015 and 2014, the interest expenses from deposits and remittances were $2,062 thousand and $576 thousand, respectively.

14) Corporate bonds payable (recognized as bonds payables)

	Amount	%
March 31, 2015	$ 506,100	2
December 31, 2014	510,340	1

15) Short-term loans (recognized as other loans)

	Amount	%
March 31, 2015	$ 188,406	-
December 31, 2014	215,308	1
March 31, 2014	182,040	1

For the three months ended March 31, 2015 and 2014, the interest expenses from short-term loans were $526 thousand and $764 thousand, respectively.

16) Customers' equity accounts - futures

	Amount	%
March 31, 2015	$ 62,575	-
December 31, 2014	64,255	-
March 31, 2014	65,234	-

17) Administrative expense revenue (recognized as net other noninterest profit and gain)

	For the Three Months Ended March 31	
	Amount	%
2015	$ 52,942	10
2014	3,571	1

18) Donation (recognized as other operating and administrative expenses)

	For the Three Months Ended March 31	
	Amount	%
2015	$ 30,000	2
2014	20,000	2

19) Outstanding derivative financial instruments

CDIB

March 31, 2015

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Currency swap contracts	October 15, 2014 - August 5, 2015	$ 16,585,858	$ 430,007	Financial assets held for trading	$ 78,633
					Financial liabilities held for trading	76,036

December 31, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Currency swap contracts	February 7, 2014 - July 21, 2015	$ 12,208,213	$ (400,616)	Financial assets held for trading	$ 27,325
					Financial liabilities held for trading	454,734

March 31, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Interest rate swap contracts	August 3, 2010 - March 10, 2016	$ 1,150,000	$ (2,353)	Financial assets held for trading	$ 12,397
	Currency swap contracts	October 8, 2013 - March 19, 2015	14,024,500	(93,039)	Financial assets held for trading	38,456
					Financial liabilities held for trading	153,384

20) Compensation of key management personnel

	For the Three Months Ended March 31	
	2015	**2014**
Salary and short-term benefits	$ 120,977	$ 119,060
Share-based payment	15,807	12,704
Post-employment benefits	1,121	1,152
	$ 137,905	$ 132,916

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings and loans.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by CDIB and KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

c. Related-party transactions were at costs or prices of at least NT$100 million

The significant transactions and relationship of the Corporation's subsidiaries with related parties were summarized below:

CDIB and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities Co., Ltd.	Subsidiary of the parent company
KGI Commercial Bank Co., Ltd.	Subsidiary of the parent company (Note)
Others	Other related parties

Note: Since CDFH acquired 100% equity of KGI Bank through a share swap, it became related party of CDIB.

1) Due from other banks (recognized as cash and cash equivalents)

	December 31, 2014	
	Amount	**%**
Subsidiary of the parent company	$ 111,968	1

2) Purchase and sale of bonds

	Purchase of Bonds	**Sale of Bonds**
For the three months ended March 31, 2015		
Subsidiary of the parent company	$ 1,533,275	$ 2,206,662
For the three months ended March 31, 2014		
Subsidiary of the parent company	-	358,188

3) Securities purchased under resell agreements

	March 31, 2015	
	Amount	**%**
Subsidiary of the parent company	$ 149,925	1

4) Securities funds receivable (recognized as receivables, net)

	March 31, 2015	
	Amount	**%**
Subsidiary of the parent company	$ 109,805	-

5) Receivables from parent (recognized as current tax assets)

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 530,220	99	$ 530,220	96	$ 1,318,911	99

The receivables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

6) Discounts and loans, net

	Amount	%	Interest Rate (%)
March 31, 2015	$ 100,000	-	1.48
March 31, 2014	500,000	-	1.21-2.53

Balance as of March 31, 2015

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Others	Other related parties	$ 100,000	$ 100,000	$ 100,000	$ -	-	Yes

Balance as of December 31, 2014

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Others	Other related parties	$ 700,000	$ -	$ -	$ -	-	Yes

Balance as of March 31, 2014

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Others	Other related parties	$ 697,036	$ 500,000	$ 500,000	$ -	-	Yes

7) Available-for-sale financial asset

	March 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Stock				
Parent company	$ 224,011	-	$ 208,526	-

8) Call loans from banks (recognized as other call loans from banks)

	March 31			
	2015		2014	
	Amount	%	Amount	%
Other related parties	$ 506,100	12	$ 915,300	10

9) Payables to parent (recognized as current tax liabilities)

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 309,166	64	$ 237,069	52	$ 234,297	37

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

10) Deposits and remittances

	Amount	**%**	**Interest Rate (%)**
March 31, 2015			
Parent company	$ 1,143,971	1	0-0.17
Subsidiary of the parent company	1,228,227	1	0-3.00
December 31, 2014			
Parent company	1,410,296	1	0-0.35
Subsidiary of the parent company	3,683,057	2	0-3.00
March 31, 2014			
Parent company	7,641,594	5	0-0.17
Subsidiary of the parent company	3,877,423	2	0-0.95

11) Outstanding derivative financial instruments

March 31, 2015

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Currency swap contracts	October 15, 2014 - August 5, 2015	$ 16,585,858	$ 430,007	Financial assets held for trading	$ 78,633
					Financial liabilities held for trading	76,036
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(1,418)	Financial assets held for trading	722
	Equity option contracts	July 9, 2014 - October 27, 2015	3,100,000	(596,099)	Financial assets held for trading	422,926
	Exchange rate swap option contracts	November 4, 2014 - March 17, 2017	6,036,020	6,365	Financial assets held for trading	20,152
					Financial liabilities held for trading	9,918
	Currency swap contracts	March 31, 2015 - April 2, 2015	408,213	20	Financial assets held for trading	20

December 31, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Currency swap contracts	February 7 2014 - July 21, 2015	$ 12,208,213	$ (400,616)	Financial assets held for trading	$ 27,325
					Financial liabilities held for trading	454,734
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(5,403)	Financial assets held for trading	2,140
	Asset swap-option contracts	April 17, 2014 - July 14, 2017	103,900	(6,844)	Financial liabilities held for trading	6,844
	Asset swap-interest rate swap contracts	April 17, 2014 - July 30, 2017	103,900	2,071	Financial assets held for trading	2,071
	Equity option contracts	January 13, 2014 - October 27, 2015	7,832,000	853,057	Financial assets held for trading	1,019,026
	Exchange rate swap option contract	November 4, 2014 - June 15, 2015	532,457	3,870	Financial assets held for trading	3,870

March 31, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Interest rate swap contracts	August 3, 2010 - March 10, 2016	$ 1,150,000	$ (2,353)	Financial assets held for trading	$ 12,397
	Currency swap contracts	October 8, 2013 - March 19, 2015	14,024,500	(93,039)	Financial assets held for trading	38,456
					Financial liabilities held for trading	153,384
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(1,470)	Financial assets held for trading	6,073
	Equity option contracts	December 9, 2013 - March 20, 2015	3,753,000	215,920	Financial assets held for trading	381,889

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
China Development Financial Holding Corporation	Parent company
China Development Industrial Bank Inc.	Subsidiary of the parent company
KGI Commercial Bank Co., Ltd.	Subsidiary of the parent company (Note)
Others	Other related parties

Note: Since CDFH acquired 100% equity of KGI Bank through a share swap, it became related party of KGI Securities.

1) Cash in banks (recognized as cash and cash equivalents)

	March 31, 2015 Amount	%	December 31, 2014 Amount	%	March 31, 2014 Amount	%
Subsidiary of the parent company	$ 1,228,227	11	$ 3,683,057	27	$ 3,877,423	32

2) Operating securities (recognized as financial assets at fair value through profit or loss - current)

	March 31, 2014 Amount	%
Dealing		
Other related parties	$ 220,117	-

3) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss - current)

	March 31, 2014	
	Amount	**%**
Other related parties	$ 177,433	-

4) Available-for-sale financial assets-current

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Stock						
Parent company	$ 3,283,056	40	$ 3,056,117	39	$ 2,635,522	37

5) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2015		
Subsidiary of the parent company	$ 2,206,662	$ 1,533,275
Other related parties	101,419	-
For the three months ended March 31, 2014		
Subsidiary of the parent company	358,188	-

6) Current tax assets

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 129,638	44	$ 122,581	42	$ 122,581	42

7) Restricted assets (recognized as other current assets)

	March 31			
	2015		2014	
	Amount	**%**	**Amount**	**%**
Subsidiary of the parent company	$ 896,210	3	$ 886,521	3

8) Short-term loans

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 188,406	-	$ 190,308	1	$ 122,040	1

9) Securities purchased under resell agreements

	March 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 149,925	-

10) Securities funds payable (recognized as payables)

	March 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 109,805	-

11) Current tax liabilities

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 426,847	33	$ 411,405	20	$ 995,544	39

12) Corporate bonds payable

	March 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Other related parties	$ 506,100	50	$ 510,340	50

13) Outstanding derivative financial instruments

a) Interest rate swap contracts

	March 31, 2015	December 31, 2014	March 31, 2014
	Contract Amount (Principal)	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 800,000	$ 800,000	$ 800,000

b) Currency swap transaction contract value

	March 31, 2015
	Contract Amount (Principal)
Subsidiary of the parent company	$ 408,213

c) Asset swap IRS contracts

	December 31, 2014
	Contract Amount (Principal)
Subsidiary of the parent company	$ 103,900

d) Asset swap option contracts - call

	December 31, 2014
	Contract Amount (Principal)
Subsidiary of the parent company	$ 103,900

e) Equity option contracts

	March 31, 2015	December 31, 2014	March 31, 2014
	Contract Amount (Principal)	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 3,100,000	$ 7,832,000	$ 3,753,000

KGI Bank and subsidiaries

Related Party	Relationship with the Corporation and Subsidiaries
China Development Industrial Bank Inc.	Subsidiary of the parent company (Note)
KGI Securities Co., Ltd.	Subsidiary of the parent company (Note)
Others	Other related parties

Note: Since CDFH acquired 100% equity in KGI Bank through a share swap, it became the related party of the Corporation.

1) Due from other banks (recognized as cash and cash equivalents)

	March 31, 2015	
	Amount	%
Other related parties	$ 393,435	13

2) Deposits

	Amount	%	Interest Rate (%)
March 31, 2015			
Subsidiary of the parent company	$ 896,210	1	0-1.34
March 31, 2014			
Subsidiary of the parent company	998,489	1	0-0.17

3) Outstanding derivative financial instrument

March 31, 2015

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiary of the parent company	Exchange rate swap option contracts	November 4, 2014 - March 17, 2017	$ 4,179,721	$ (9,408)	Financial assets at FVTPL	$ 9,259
					Financial liabilities at FVTPL	25,404

December 31, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiary of the parent company	Exchange rate swap option contracts	November 4, 2014 - June 15, 2015	$ 532,457	$ (371)	Financial liabilities at FVTPL	$ 2,545

52. PLEDGED ASSETS

The following assets had been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial papers payable, long-term loans, overdraft and deposits for business operations; (b) pledged with GreTai Securities Market for the government bond bidding; (c) required by the Central Bank for posting a bid bond and as a guarantee deposit for the bills business; (d) pledged as part of the requirements for filing a petition for tax reassessment; (e) guarantee deposit for CDS contracts; (f) guarantee deposit for structured products; (g) pledged as compensation reserve for wealth management; (h) pledged as guarantee deposit for oversees bonds sold with repurchase agreement; (i) pledged as foreign exchange margin trading; and (j) other derivative transactions security deposit.

	March 31, 2015	December 31, 2014	March 31, 2014
Property and equipment, net	$ 4,785,374	$ 4,794,003	$ 4,819,892
Lease receivables	3,097,038	3,098,130	3,231,717
Available-for-sale financial assets - bonds and stocks	2,996,775	2,817,664	2,154,514
Investment accounted for using equity method	1,915,579	1,863,168	1,846,317
Deposits for operating bond	1,537,493	1,957,465	2,396,424

(Continued)

	March 31, 2015	December 31, 2014	March 31, 2014
Other financial assets - pledged time deposits	$ 1,081,567	$ 1,980,802	$ 1,096,417
Competitive bid transactions guarantee	456,482	357,225	660,381
Investment properties, net	370,439	371,340	374,043
Refundable deposits	610,353	732,877	479,019
Checking accounts - restricted for agent's stock transfer purposes	92,375	231,601	618,835
Financial assets at fair value through profit or loss - bonds and stocks	50,909	71,145	20,330
Restricted assets - impound account	49,234	53,759	77,795

(Concluded)

To comply with the Central Bank's clearing system requirements for real-time gross settlement (RTGS), CDIB pledged negotiable certificates of deposit, excluding the above, aggregating $9,935,000 thousand, $11,300,000 thousand and $11,200,000 thousand, as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively, as collaterals for day-term overdraft. The pledged amount may be adjusted anytime.

53. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

As of March 31, 2015, commitments and contingencies of the Corporation and subsidiaries, except for those disclosed in Notes 57 and 58 were summarized as follows:

a. In April 2007, CDIB and Morgan Stanley entered into a CDS contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to CDIB by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to CDIB. CDIB has commenced an action against Morgan Stanley, et al. in the Supreme Court of the State of New York, County of New York on July 15, 2010. The litigation had not yet been concluded as of March 31, 2015.

b. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds. Against the article 20 and 32 of Securities and Exchange Act and the article 184 and 185 of Civil Code. The plaintiffs sued KGI Securities and Taiwan Kolin Co., Ltd. with jointly liability amounted to $133,308 thousand plus 5% interest. The awsuit is currently proceeded by the Taipei District Court. However, Taiwan Kolin Co., Ltd. is under the procedure of reorganization, this lawsuit is withdrawn now.

c. Plaintiffs, Digital Imaging Solution Global Ltd. ("Digital") and Minda Consulting Ltd. ("Minda"), advocated that GT based on stock pledge generated from loans of HK$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda's approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals. According to the loan contract signed on May 9, 2000, Global Treasure Investments Limited (GT) loaned HK$10,000 thousand to Minda. Because Minda broke the contract by not making loan repayments, GT filed a lawsuit against Minda on October 31, 2002, and requested the return of HK$9,192 thousand plus interest. The case is still pending in the courts of Hong Kong.

d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation (formerly named CDIB Equity Inc.) and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of $592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. CDIB Capital Management Corporation and Powercom Ltd. could not estimate the related possible loss because the case was currently pending with the Taipei District Court and the final outcome of the court is uncertain.

e. In February 2008, during a financial crisis involving Far Eastern Air Transport Limited (FEAT), nine people, including Hu, Tsui and Chen, were sued by a state prosecutor after they were investigated. Hu, CDIB's former designated representative to FEAT's board of directors, was charged by the state prosecutor of dereliction of duty as an FEAT board member, resulting in financial loss to FEAT. FEAT also initiated a civil action against Hu and CDIB, claiming that they were jointly liable for damages of $677,199 thousand plus interest. The criminal case brought by FEAT against Hu and CDIB was adjudicated on September 28, 2012, and both defendants were acquitted of the charge brought against them; thus, the civil lawsuit was also dismissed by the criminal court. FEAT disagreed with this judgment and filed for appeal of the court's decision on CDIB and Hu's criminal and civil cases, claiming that these two defendants were jointly liable for damages of $660,000 thousand plus interest. As of March 31, 2015, the lawsuit was pending before the Taiwan High Court. Thus, CDIB could not estimate the related possible loss because the final outcome of the lawsuit is uncertain. In July 2013, FEAT sued Yageo Corporation Limited, Feng Dan Bai Lu Corporation Limited, Yong Chun Corporation Limited and CDIB for failing to discharge its obligations as a good administrator, resulting in embezzlement FEAT, for which FEAT demanded the payment of $100,000 thousand and interests. FEAT lost the lawsuit on December 30, 2014 claimed by the Taipei District Court and decided to appeal to Taiwan high court. CDIB could not estimate the related possible loss because the final outcome of the lawsuit is uncertain.

f. In order to protect claims, KGI Bank acted vigorously in regards to Prince Motors' overdue debt. In 2012, the court enforced an auction on Tucheng plant and Dun Nan building collateral and allocated $3,935,303 thousand and $1,971,721 thousand to the Bank respectively. Among which, $3,897,202 thousand and $1,808,039 thousand were allocated by the court as of December 31, 2012 and 2013. However, the Prince Motors objected to the amounts allocated to KGI Bank by the court, which affect Tucheng plant and Dun Nan Building amounting $21,672 thousand and $163,682 thousand, respectively. The former appeal abovementioned has been withdrawn by the court on February 27, 2014 and the other appeal has been announced that KGI Bank has won the lawsuit in the third quarter of 2013. Also, other creditors objected the amounts allocated to the Bank, which affect Tucheng plant amounting $16,429 thousand and was withdrawn by the court in October 2012. As of the reporting date, all the above mentioned collaterals allocated by the court were withdrawn by the court, amounting $3,935,303 thousand and $1,971,721 thousand.

   In December 2012, a third party regards the property rights of Dun Nan buildings as fraudulently infringing upon the rights of the creditors (credit litigation amounted to $481,157 thousand). On February 14, 2014. The Taiwan District Court has judged that KGI Bank lost the lawsuit and has to return the amount received of $1,786,318 thousand for re-allocation. KGI Bank has entrusted a lawyer on March 4, 2014. The lawyer judged that the case has ethical conflicts and insufficient evidence to support the judgment of the court. KGI Bank has appealed for second trial on March 10, 2014 and has a high possibility of winning the case.

g. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors' meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. According to the IT outsource contract, besides extra services being charged according to professional rates, KGI Bank has to pay a total of $1,137,049 thousand for the basic framework, support service, IT application service and integration and transformation of server and so on as annual services fees in the future contract periods, starting from March 31, 2015.

54. SIGNIFICANT SUBSEQUENT EVENTS

Except those disclosed in the additional disclosure, CDIB have transferred to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB and (b) CDIB's holdings of shares in CDIB's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation in accordance with Article 185 of Company Act and Article 27 of Business Mergers and Acquisitions Act. The transaction price would be net asset value of the items transferred, which is $38,000,000 thousand, and deliver the consideration to CDIB in cash.

55. BUSINESS COMBINATION

a. KGI Ong Capital Pte. Limited, TG Holborn (HK) Limited and KGI Asset Management Limited

KGI Asia (Holdings) Pte. Ltd., which is a subsidiary of KGI Securities, for the purpose of expanding foreign business, had acquired 100% of the voting rights of KGI Ong Capital Pte. Ltd.'s (KGI Ong) on April 29, 2014. KGI Ong is a non-listed company located in Singapore specialized in the futures related business.

For the purpose of expanding foreign operating scale and enhancing the group's business, KGI Limited acquired TG Holborn (HK) Limited and KGI Asset Management Limited ("TG Holborn and KGI Asset Management") 100% voting shares on December 22, 2014. TG Holborn and KGI Asset Management are a non-listed company located in Hong Kong specialized in the financial consult planning and the wealth management related business.

1) The fair value of KGI Ong's identifiable assets and liabilities on the acquisition date are as follows:

	Fair Value on Acquisition Date
Assets	
Financial assets (include cash and cash equivalent NT$87,981)	$ 7,396,296
Non-financial assets	73,930
Assets subtotal	7,470,226
Liabilities	
Financial liabilities	(6,780,125)
Non- financial liabilities	(41,858)
Liabilities subtotal	(6,821,983)
Identifiable net assets	$ 648,243

2) Goodwill of KGI Ong $620,738 thousand raised from the acquisition consideration (cash transaction cost of acquisition) $1,243,830 thousand minus the fair value of identifiable net assets $623,092 thousand.

Goodwill of TG Holborn and KGI Asset Management $23,945 thousand raised from the acquisition consideration (cash transaction cost of acquisition) $49,096 thousand minus the fair value of identifiable net asset $25,151 thousand.

b. KGI Bank

CDFH made KGI Bank a subsidiary through a share swap on September 15, 2014, in order to stabilize earnings streams, generate cross-selling synergies, and enhance shareholders' return on equity.

1) Acquisition cost and the type and amount of shares issued as a result of the acquisition:

	Amount
Cash payment	$ 18,510,902
New shares issued	3,061,467
Issuance of employee share options	67,625
	$ 21,639,994

2) Assets acquired and liabilities assumed at the date of acquisition

	Amount
Financial asset (cash and cash equivalents included $7,113,213)	$ 179,069,547
Property, equipment and investment property	5,886,778
Intangible asset	1,740,818
Other asset	6,088,102
Financial liability	(167,372,451)
Other liability	(4,593,765)
	$ 20,819,029

3) Acquired KGI Bank goodwill $820,965 thousand composed. Transaction cost of acquisition $21,639,994 thousand as well as took net identifiable asset and identifiable intangible asset sum of $20,819,029 thousand off.

c. KGI Fraser Securities Pte. Ltd.

KGI Asia (Holdings) Pte. Ltd., which is a subsidiary of KGI Securities, for the purpose of expanding foreign business, had acquired 100% of the voting rights of KGI Fraser Securities Pte. Ltd.'s (KGI Fraser) on January 30, 2015. KGI Fraser is a non-listed company located in Singapore specialized in the futures related business.

1) The fair value of KGI Fraser's identifiable assets and liabilities on the acquisition date were as follows:

	Fair Value on Acquisition Date
Assets	
Financial assets (include cash and cash equivalent $1,040,544)	$ 3,120,793
Other assets	103,054
Assets subtotal	3,223,847
Liabilities	
Financial liabilities	(2,486,655)
Other liabilities	(161,416)
Liabilities subtotal	(2,648,071)
Identifiable net assets	$ 575,776

2) KGI Fraser's goodwill, $343,836 thousand, was resulted from the difference between consideration of the acquisition (cash transaction cost of acquisition) $919,612 thousand and the fair value of identifiable net assets $575,776 thousand.

3) Effects of results of operations caused by business combination

   Net revenue and net loss before income tax from acquiree were $29,948 thousand and $47,254 thousand. Should the acquisition occur on the beginning of the accounting period, the pro-forma revenue and net income of the Company and subsidiaries for the period ended March 31, 2015 would be $8,116,258 thousand and $2,763,745 thousand, respectively. The above amount could not reflect the results of operations and revenues from the Company and subsidiaries if the acquisition were completed on the beginning of the accounting period, and therefore it should not be used to predict future operation outcome.

56. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, CDIB, KGI SECURITIES AND KGI BANK

Consolidated Profitability

(%)

Items		March 31	
		2015	**2014**
Return on total assets	Before income tax	1.36	1.81
	After income tax	1.20	1.60
Return on net worth	Before income tax	7.20	7.21
	After income tax	6.33	6.40
Profit margin		34.71	41.30

Profitability of CDFH

(%)

Items		March 31	
		2015	**2014**
Return on total assets	Before income tax	5.80	5.70
	After income tax	5.70	5.74
Return on net worth	Before income tax	6.50	6.46
	After income tax	6.42	6.54
Profit margin		91.28	93.24

Profitability of CDIB

(%)

Items		March 31	
		2015	**2014**
Return on total assets	Before income tax	1.50	2.21
	After income tax	1.47	2.15
Return on net worth	Before income tax	6.15	8.32
	After income tax	6.00	8.09
Profit margin		77.29	83.72

Profitability of KGI Securities

(%)

Items		**March 31**	
		2015	**2014**
Return on total assets	Before income tax	2.43	1.86
	After income tax	2.26	1.76
Return on net worth	Before income tax	7.17	4.48
	After income tax	6.69	4.24
Profit margin		40.86	33.51

Profitability of KGI Bank

(%)

Items		**March 31, 2015**
Return on total assets	Before income tax	1.70
	After income tax	1.44
Return on net worth	Before income tax	14.60
	After income tax	12.35
Profit margin		38.74

57. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

1) Level I fair values are quoted prices in active markets for financial instruments.

2) Level II fair values are those directly or indirectly observable inputs other than Level I quoted prices, such as the quoted prices of similar financial instruments in less active markets or price estimates arrived at through pricing models that use inputs such as in interest rates, which are derived from or can be corroborated with observable market data.

3) Level III refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

March 31, 2015

(In Thousands of New Taiwan Dollars)

	Level I	**Level II**	**Level III**	**Total**
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 22,475,953	$ -	$ -	$ 22,475,953
Bond investments	59,040,500	34,025,839	-	93,066,339
Others	1,136,854	5,052,997	-	6,189,851
Financial assets designated as at FVTPL	-	711,485	223,214	934,699
Available-for-sale financial assets				
Stock investments	24,462,322	622,202	-	25,084,524
Bond investments	50,597,514	66,540,677	308,044	117,446,235
Others	21,430	309,857	-	331,287

(Continued)

	Level I	Level II	Level III	Total
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ 3,138,324	$ 1,804,352	$ -	$ 4,942,676
Financial liabilities designated as at FVTPL	-	4,276,678	-	4,276,678
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	1,046,633	12,236,849	1,303,791	$ 14,587,273
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,050,882	15,010,991	1,861,369	17,923,242
Financial liabilities designated as at FVTPL	-	-	2,192,255	2,192,255
Derivative financial liabilities for hedging	-	-	9,691	9,691

(Concluded)

December 31, 2014

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 17,745,383	$ -	$ -	$ 17,745,383
Bond investments	60,392,112	42,970,217	-	103,362,329
Others	751,923	5,714,452	-	6,466,375
Financial assets designated as at FVTPL	-	-	233,686	233,686
Available-for-sale financial assets				
Stock investments	25,373,674	644,331	-	26,018,005
Bond investments	37,344,600	75,923,260	311,154	113,579,014
Others	13,581	-	-	13,581
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,065,703	2,260,381	-	5,326,084
Financial liabilities designated as at FVTPL	-	1,071,148	-	1,071,148
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	630,405	21,764,650	974,985	23,370,040
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	836,999	23,767,440	2,114,151	26,718,590
Financial liabilities designated as at FVTPL	-	-	1,966,485	1,966,485
Derivative financial liabilities for hedging	-	-	20,659	20,659

March 31, 2014

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 15,861,677	$ -	$ -	$ 15,861,677
Bond investments	47,362,422	32,831,098	144,902	80,338,422
Others	970,291	7,716,828	-	8,687,119
Financial assets designated as at FVTPL	-	-	211,812	211,812

(Continued)

	Level I	Level II	Level III	Total
Available-for-sale financial assets				
Stock investments	$ 29,544,197	$ 2,254,000	$ -	$ 31,798,197
Bond investments	48,055,141	32,498,515	296,100	80,849,756
Others	11,392	-	-	11,392
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,200,968	4,599,197	-	6,800,165
Financial liabilities designated as at FVTPL	-	1,080,383	-	1,080,383
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	488,363	8,982,197	868,971	10,339,531
Derivative financial assets for hedging	-	-	1,425	1,425
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	904,653	13,670,937	1,234,271	15,809,861
Financial liabilities designated as at FVTPL	-	-	1,002,996	1,002,996
Derivative financial liabilities for hedging	-	-	53,297	53,297

(Concluded)

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets, and derivative financial assets for hedging, fair value is determined at quoted market prices. When market prices of the Corporation and subsidiaries various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Corporation and subsidiaries use for fair value estimation is consistent with that generally used in the market.

Fair values of derivative instruments without quoted market prices are based on estimates using discounted cash flow techniques, Black-Scholes model, binomial pricing or Monet Carlo simulation, etc.

The fair values of forward exchange contracts are estimated on the basis of forward rates quoted by Reuters. Fair values of interest rate derivative products are estimated on the basis of market interest rates, quotations by Reuters or Bloomberg through the models mentioned above except those of structured financial products, of which fair value are estimated on the basis of market quotations provided by the counter-party.

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accepted approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and rely on the market.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classify into Credit value adjustments and Debit value adjustments, and definitions are on the following:

- The credit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.

- The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Corporation and subsidiaries calculate their debit valuation adjustment on the basis of their internal assessment of a counterparty's probability of default ("PD"), which is subject to standard supervisory parameters, take loss given default ("LGD") into consideration and multiplied by their estimates of the counterparty's exposure at default ("EAD").

The Corporation and subsidiaries calculate the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percentage of EAD based on Taiwan Stock Exchange ("TWSE") guidance.

The Corporation and subsidiaries take Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Reconciliation of Level III items of financial instruments

The movements of financial assets with Level III fair value were as follows:

For the Three Months Ended March 31, 2015

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III (Note)	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 974,985	$ 882,728	$ 219,398	$ 1,751	$ (775,071)	$ -	$ 1,303,791
Financial assets designated as at FVTPL	233,686	(10,472)	-	-	-	-	223,214
Available-for-sale financial assets	311,154	(3,110)	-	-	-	-	308,044

For the Three Months Ended March 31, 2014

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III (a) (b)	
Financial assets at FVTPL							
Financial assets held for trading	$ 1,108,312	$ 116,689	$ 732,068	$ -	$ (943,196)	$ -	$ 1,013,873
Financial assets designated as at FVTPL	237,898	(26,086)	-	-	-	-	211,812
Available-for-sale financial assets	290,515	5,585	-	-	-	-	296,100
Derivative financial assets for hedging	19,568	(5,134)	-	-	(13,009)	-	1,425

Note: Level II securities turn into Level III one resulted from that observable data is exile.

The movements of financial liabilities with Level III fair value were as follows:

For the Three Months Ended March 31, 2015

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III (Note)	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 2,114,151	$ (331,481)	$ 1,080,900	$ 2,153	$ (1,004,354)	$ -	$ 1,861,369
Financial liabilities designated as at FVTPL	1,966,485	2,770	296,300	-	(73,300)	-	2,192,255
Derivative financial liabilities for hedging	20,659	(10,968)	-	-	-	-	9,691

For the Three Months Ended March 31, 2014

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III (a) (b)	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 1,059,957	$ 279,467	$ 89,554	$ -	$ (194,707)	$ -	$ 1,234,271
Financial liabilities designated as at FVTPL	1,084,495	(499)	182,500	-	(263,500)	-	1,002,996
Derivative financial liabilities for hedging	64,315	(11,018)	-	-	-	-	53,297

Note: Level II securities turn into Level III one resulted from that observable data is exile.

The total gains or losses for the three months ended March 31, 2015 and 2014 included a loss of $738,821 thousand and a loss of $232,661 thousand relating to assets and liabilities measured at fair value on Level III fair value measurement and held at the end of reporting date.

5) Quantitative information about significant unobservable inputs (Level 3)

CDIB and subsidiaries

Under classification of CDIB and subsidiaries, financial assets through profit and loss-equity security investments, derivative instruments and available for sale financial assets-bonds investments are main part of Level 3 Financial instruments.

Financial instruments of CDIB and subsidiaries classified to Level 3 could only have one single significant unobservable input, except for equity instruments with no active market, which have multiple unobservable inputs. Every single unobservable input of equity instruments with no active market is irrelevant to each other.

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

Items	Fair Value at March 31, 2015	Valuation Techniques	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Nonderivative financial assets					
Financial assets at FVTPL	$ 223,214	Market comparable companies	Revenue multiple Discount for lack of marketability	3.75 15%	Revenue multiple is proportional to fair value; discount for lack of marketability, is inversely proportional to fair value.
Available-for-sale financial assets					
Bond investments	308,044	Discounted cash flow	3 months USD Libor	Adjustment by daily market fluctuation	The fair value is less affected by fluctuation of 3 months USD Libor.
Derivative financial assets					
Financial assets at FVTPL	1,711,732	HullWhite, Libor Market Model, Discounted cash flow	Vol Factors	Adjustment by daily market fluctuation	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Financial liabilities at FVTPL	1,880,318	HullWhite,Libor Market Model, Discounted cash flow	Vol Factors	Adjustment by daily market fluctuation	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Derivative instruments				
Financial assets at FVTPL				
Structured products - option	Martingale Pricing Technique	History Volatility	12% -51.83%	According to condition of contract, fair value of asset may be higher or lower.
Equity derivatives instruments- premium - equity option (call option)	Martingale Pricing Technique	History Volatility	36.92%-48.28%	According to condition of contract, fair value of asset may be higher or lower.

(Continued)

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale Pricing Technique	History Volatility	6.99%-23.71%	According to condition of contract, fair value of asset may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale Pricing Technique	History Volatility	13.39%-40.85%	According to condition of contract, fair value of asset may be higher or lower.
Financial liabilities designated as FVTPL - structured	Reduced From Pricing Technique	Credit spread	20bps-410bps	The range of credit spread is inversely proportional to fair value of liability. (protecting rights of buyers by credit.)

(Concluded)

History Volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 80 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days. Besides, use of credit spread adopted by Reduced Form Pricing Technique has to follow the definition of input parameters regulated by the contract.

Pricing techniques and significant unobservable inputs used in KGI Securities and subsidiaries on March 31, 2015 are the same compare with it used on December 31, 2014 and March 31, 2014. The relationship of quantification information as well as inputs and fair value is in conformity with IFRS 13 transitional provisions. KGI Securities and subsidiaries have deferred to adopt transitional provisions of IFRS 13 since January 1, 2015 therefore KGI Securities and subsidiaries is not applicable to the comparative information disclosed before January 1, 2015.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into level 3, effects of current period net income or loss affected by changes in pricing parameters were as follows:

For the three months ended March 31, 2015

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial assets				
Derivative instruments				
Structured products - options	History Volatility	+25%/-25%	$ 1,379	$ 1,251
Equity derivative instruments-premium - options (call options)	History Volatility	-25%/+25%	1,114	1,000
			$ 2,493	$ 2,251

(Continued)

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial liabilities				
Derivative instruments				
Structured product - options	History Volatility	-25%/+25%	$ -	$ -
Equity derivative instruments-premium - options (put options)	History Volatility	-25%/+25%	203	181
Financial liabilities designated as FVTPL	Credit spread	50bps/-50bps	14,648	14,890
			$ 14,851	$ 15,071

(Concluded)

For the three months ended March 31, 2014

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial assets				
Derivative instruments				
Structured product -options	History volatility	+25%/-25%	$ 524	$ 524
FVTPL - bond investments	Prepayment rate	-20%/+20%	5,022	5,022
			$ 5,546	$ 5,546
Financial liabilities				
Derivative instruments				
Structured product –options	History volatility	-25%/+25%	$ -	$ -
Equity derivative instruments-premium - options (put options)	History volatility	-25%/+25%	742	742
Financial liabilities designated as FVTPL - structured	Credit spread	50bps/-50bps	8,564	8,564
			$ 9,306	$ 9,306

KGI Bank and subsidiaries

Under classification of KGI Bank and subsidiaries, financial assets through profit and loss is the main part of Level 3 Financial instruments.

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at March 31, 2015	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Financial assets at FVTPL					
Derivative financial assets - FX option	$ 34,663	HullWhite,Libor Market Model, Discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Derivative financial assets - Swaption	1	HullWhite,Libor Market Model, Discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Derivative financial liabilities – FX option	15,774	HullWhite,Libor Market Model, Discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.

6) Pricing process of level III fair value

CDIB and subsidiaries

CDIB's risk management department is in charge of conducting independent verification by independent sources to make valuations more close to market status and confirm that the source of information is independent, reliable, consistent with other resources and representative of exercise price. Besides, the department corrects pricing model periodically, implementing retrospective testing, update information and inputs that pricing model needed and other essential fair value adjustment to insure outcomes are reasonable. Investment Property is valued by CDIB and subsidiaries based on Financial Supervisory Commission's declaration of valuation method and parameters or committed to appraisers to make valuation.

KGI Securities and subsidiaries

When KGI Securities Co. has those derivatives that their fair value are hard to reach or they are categorized to financial assets no active market, reasonability of fair value of those financial assets are assessed by risk management department according to the Guidelines of Asset Valuation Operation set by KGI Securities Co., and the outcomes of the valuation will be recorded in the book by treasury department.

KGI Bank and Subsidiaries

KGI Bank's risk management department is responsible for the pricing process of level III fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

c. Fair value of financial instruments not carried at fair value

The carrying amounts of cash and cash equivalents, due from the Central Bank and other banks, securities purchased under resell agreements, bonds investment, receivables, discount and loans, restricted assets, other financial assets, call loans from banks, securities sold under repurchase agreements, payables, deposits and remittances, bank debentures payable, and other financial liabilities' book value is approximate to their fair values, as a result the Corporation and subsidiaries do not disclose their fair value.

Investments accounted for using the equity method - unlisted stocks and financial assets measured at cost both are unlisted financial assets, which have no quoted market prices in an active market owing to the variation interval of the estimate of the fair value is not quite small and the possibilities of the estimates in the interval cannot be assessed reasonably. The fair value cannot be reliably measured, thus the Corporation and subsidiaries do not disclose their fair value.

58. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

The Corporation has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including market, credit, operational and liquidity risks.

The Corporation has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Corporation also has a risk management department to plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

CDIB and subsidiaries

CDIB has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including market, credit, operational and liquidity risks.

CDIB has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB also has a risk management department to plan and manage the risk management system and provide related information to the management and the board of directors.

KGI Securities and subsidiaries

1) Financial risk management objectives

The KGI Securities' Board of Director and senior management attach great importance to risk management, and continuously to raise risk management mechanism and aimed to strengthen the competitiveness of KGI Securities and subsidiaries. To reach the goal of risk management, controlling the expected or unexpected loss in operating is a passive way and in a positive way is to raise Risk Adjusted Return on Capital. In order to use the capital more efficiently, KGI Securities uses risk appetite as a base according to venture capital allocation. While setting risk appetite, KGI Securities takes the amount of liquid capital and financial and operational goal into consideration.

2) Risk management organization

KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organizations' functions and responsibilities are as follows:

Board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMS executes risk management decisions made by board of directors, which include reviewing KGI Securities' every department's risk-based budget, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and general long-term investments; and Merchandise Review Committee (MRC) sets up the reviewing system of evaluating commodities and assessing the government examinations of commodities being traded on the market.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.
Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following the Cooperation's established guidelines and related standards after approving by RMC.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager in June, 2013, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity risk, interest rate risk, exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce venture capital allocation.

To establish reliability of value at risk (VaR) model, risk management department conducts back testing periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

The risk management department applies for credit risk capital toward Board of Directors annually. Establish proper credit risk expected loss limitation amount relating to the firms, single credit valuation level. Also, set different risk limitation amount including countries, industries, groups, high-risk industries/groups, etc. Routinely examine KGI Securities' credit risk exposure and the use of various credit risk limitation amount.

KGI Securities sets proper credit limits by considering capital risk, KGI Securities' net value, risk measurement and concentration of risk, and by taking into account the credit rating of issuers or counterparties, the traits of transactions, and the characters of instruments, etc. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to key management as well as related departments.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

The fund transfer unit routinely examines relative financial ratio to ensure the liquidity of assets and liabilities. Also, KGI Securities established fund-flow simulation analysis mechanism according to the anticipation of the future cash need and the fund transferring ability of KGI Securities made by fund transfer unit. The unit would also set proper fund safety inventory and emergency response measure to fulfill the future probable fund need.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.
The operation risk of each unit's business is examined and controlled by relative back desk unit such as clearing unit and the information department. In addition to the compliance of law and regulation, the internal audit department would implement control by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

5) Risk hedge and mitigation strategy

KGI Securities has set up hedge instruments and risk mitigation measures in all operations based on KGI Securities' capital scale and risk tolerance. Such measures include: Risk acceptance, risk adverse, risk transfer and risk control. Reasonable risk avoidance mechanisms can effectively limit a company's risk within a pre-approved range. The actual execution of hedge, depending on the market dynamics, business strategies, product characteristics and risk management regulations, utilizes previously approved financial instruments to adjust the risk structure and risk level of the total exposure to an acceptable level.

KGI Bank and subsidiaries

1) Overview

The main risks that KGI Bank faced and the management strategies are as follows:

a) Management of capital adequacy ratio

KGI Bank risk management considers KGI Bank as a continuous operation and is being based on the best practice of Basel III, to develop a complete risk management structure and capital adequacy management to ensure KGI Bank fulfills the minimum capital requirements and enable to bear pressure of capital shock.

b) Credit risk management

Credit strategy includes returns and risk diversification. The asset portfolio includes qualified retail bonds, corporate credit and mortgages. It is also distinguished based on the level of client risk to control the acceptable range of the overall credit risk. KGI Bank also made use of the risk transfer in credit guarantee fund to strengthen the collateral of small-and-medium enterprises, reduce breach of contract risk and accomplish benefits of risk capital at the same time. To effectively maintain the asset quality and risk return, KGI Bank has improved its credit investigation and review procedures. It has also managed its collateral and strengthened the development use of risk management instruments and credit risk management schemes.

c) Liquidity risk and market risk management

Assets and liabilities committee is responsible of the liquidity, security and profitability of assets and liabilities. The committee not only conducts regular assessment on the duration and the maturity analysis of assets and liabilities but also set limit structure and the related liquidity limits to control index, adjust capital gap in order to conform with the objective of risk appetite. Profitability is strengthened through the optimization of assets and liabilities structure. Market risk management includes investment in trading book and banking book. To prevent financial instruments from suffering from excessive fluctuations in market price, management measures and restrictions on investment are set, sensitivity index on market risk factors, limits on VaR, and stress testing of risk factors.

d) Operational risk management

In order to integrate risk management culture with employees, KGI Bank not only restricts employees by undertaking regulations, discipline and incentive and penalty measures, but also adopts standard operating procedures, intensify internal control systems and enhance capability of information systems control and the timeliness and accuracy of information on risk management. Risk is controlled and reviewed regularly through the risk appetite, key risk indicator and warning system of risk events for early planning to improve measures. KGI Bank has set the risk management policies and risk management procedures, which have been approved by the BOD for effective recognition, measurement, monitoring and control of credit risk, market risk and liquidity risk.

2) Organizational structure of risk management

The organizational structure of risk management includes BOD, Risk Management Committee, Assets and Liabilities Committee, Credit Risk Operational Review Committee, Business Risk Committee, Department of Risk Management, Financial Planning Department, Financial Transactions Department, Settlement and Delivery Department, Credit Management Headquarter and Department of Credit Analysis and Appraisal and other management departments, with BOD as the ultimate responsible unit. The risk committee is subordinated to the BOD, and the member of risk committee is elected from the board of directors, who monitor risks on behalf of the BOD. The BOD and risk committee will delegate authorities to the general manager and committees in setting management rules as regards to risk identification, measurement, disclosure, report, monitoring and offsetting. KGI Bank also established independent risk management department to monitor the credit risk, market risk, operational risk and liquidity risk. At the same time, KGI Bank promotes the framework of new Basel capital agreement that identifies measures, discloses and reports management system and proposes each risk management report for management decision on a regular basis. Also, the law department is set up to carry out law risk management and procedures on review of legal compliance. The business units, which are subordinated to the general manager, ensure the coordination of each risk management policies; establish appropriate internal control and standard operating procedures and support the risk management project based on the business needs. The audit department is responsible for auditing the compliance of all internal and external business norms in all units, as well as the implementation of internal control in practice.

b. Credit risk

CDIB and subsidiaries

1) Sources and definition of credit risk

CDIB is exposed to credit risk due to default on contracts by borrowers, debtors or counter-parties and changes in credit quality. Financial assets contracts held by CDIB may entail risks of loss arising from loans, issuer of financial instruments, counter-parties, and underlying assets.

2) Management policies

a) Strategy and objectives

For the objectives to enhance stockholder value and to ensure degree of risk tolerance, CDIB's credit risk strategy focuses on superior credit quality assets. CDIB offers clients different product mixes based on their individual risk levels and with duration, risk mitigation, and graded pricing strategies to strengthen the credit review system. Through a regular review and adjustment of the portfolio structure, CDIB can achieve symmetry of the overall business risk and reward.

b) Policies and procedures

To have a common-language credit risk management, definition, communication and measurement, CDIB sets credit risk management policies to manage credit risk in accordance with international standards and CDFH's risk management policies. The procedures for CDIB's credit risk policy development are as follows:

Business units develop business strategies and objectives based on asset sizes. Management units and risk management units assess risks related to these strategies and objectives and then submit them to the Board for approval.

3) Mitigation of risks or hedging of credit risk/monitoring mechanism of risk avoidance and mitigation instruments

Considering asset hedge market and liquidity, CDIB takes the necessary risk reduction strategies, mainly on corporate finance, for assets with doubt or a long period of duration, including methods adopted to increase collaterals. Collaterals have been appraised regularly by an assessment unit to ensure their continued effectiveness. If a client is found to have bad credit factors, CDIB will strengthen the monitoring of this credit and demand at the appropriate time an early repayment or additional collateral to mitigate risks. For cases with poor credit ratings, in addition to collateral requirements and financial restrictions, CDIB will avoid if their transaction terms and profitability cannot reflect risk costs. In addition, CDIB develops different credit limits for counter-parties involved in derivative transactions and enters into collateral support agreements with counter-parties to ensure that risks are under control.

4) Maximum exposure to credit risk

Except for the following statement, CDIB's maximum amount of credit risk exposure was equal to its book value.

The amounts of financial contracts with off-balance-sheet credit risks as of March 31, 2015, December 31, 2014 and March 31, 2014 were as follows:

Items	March 31, 2015	December 31, 2014	March 31, 2014
Off-balance-sheet commitments and guarantees	$ 13,906,332	$ 14,755,597	$ 18,964,673

Many credit commitments are expected to expire without being drawn upon; thus, the total commitment amounts do not necessarily represent future cash requirements. The maximum amount of credit risk exposure is reference coefficient of customer credit risk. The total potential loss is equal to the above amounts, excluding the value of any collateral, if related commitments are completely drawn upon and the counter-parties default on contracts.

5) Concentrations of credit risk exposure

Concentrations of credit risk exist when changes in economic, industry or other conditions similarly affect groups of counter-parties whose aggregate credit exposure is material in relation to CDIB's total credit exposure. For its protection, CDIB maintains a diversified portfolio, does not limit its exposure to any one geographic region, country or individual creditor, and monitors the exposure continually. As of March 31, 2015, December 31, 2014 and March 31, 2014, CDIB's most significant concentrations of credit risk were as follows:

a) Credit risk profile by counter-party

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	%	Amount	%	Amount	%
Private sector	$ 130,237,190	99.49	$ 127,992,280	99.85	$ 115,302,464	99.78
State-operated enterprises	172,166	0.13	191,300	0.15	248,702	0.22
Consumer	502,408	0.38	2,758	-	1,570	-
Total	130,911,764	100.00	128,186,338	100.00	115,552,736	100.00

b) Credit risk profile by industry sector

	March 31, 2015		December 31, 2014		March 31, 2014	
	Amount	%	Amount	%	Amount	%
Electricity industry	$ 28,272,312	21.60	$ 28,664,694	22.36	$ 26,831,197	23.22
Chemistry	13,126,510	10.03	12,155,329	9.48	12,048,994	10.43
Information and communication industry	7,451,078	5.69	6,251,280	4.88	5,151,884	4.46
Others	82,061,864	62.68	81,115,035	63.28	71,520,661	61.89
Total	130,911,764	100.00	128,186,338	100.00	115,552,736	100.00

6) Credit quality and impairment assessment

Some financial assets such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, parts of receivables (including dividend receivable, interest receivable on bonds, spot foreign remittances receivable and interest receivable on interest rate swap contracts) and refundable deposits are regarded as having very low credit risk because of the good credit rating of counter-parties.

In addition to the above, credit analyses of other financial assets were as follows:

a) Credit quality analysis for discounts and loans and receivables

March 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables	$ 41,521,018	$ -	$ 888,296	$ 42,409,314	$ -	$ 3,578,258	$ 45,987,572	$ 432,185	$ 1,417,072	$ 44,138,315
Discounts and loans	115,012,808	15,015,344	797,892	130,826,044	-	85,720	130,911,764	468,307	1,271,753	129,171,704

December 31, 2014	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables	$ 45,656,810	$ -	$ 1,039,894	$ 46,696,704	$ -	$ 3,158,725	$ 49,855,429	$ 415,334	$ 1,458,113	$ 47,981,982
Discounts and loans	110,533,565	16,616,703	626,335	127,776,603	-	409,735	128,186,338	858,738	1,225,208	126,102,392

March 31, 2014	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables	$ 53,185,540	$ 86,774	$ 932,806	$ 54,205,120	$ -	$ 3,203,162	$ 57,408,282	$ 434,598	$ 1,496,836	$ 55,476,848
Discounts and loans	96,770,378	18,288,384	493,974	115,552,736	-	-	115,552,736	745,967	1,085,909	113,720,860

Note: The total of discounts and loans is the original amount without the adjustments for premiums or discounts.

b) The credit analysis of discounts not impaired and past due and loans based on internal rating standards are as follows:

March 31, 2015	Neither Past Due Nor Impaired			
	Good/Moderate	Substandard	Unrated	Total
Consumer finance				
Micro credit	$ -	$ -	$ 2,408	$ 2,408
Corporate banking				
Secured	46,393,755	4,973,526	254,308	51,621,589
Unsecured	68,619,053	10,041,818	541,176	79,202,047
Total	115,012,808	15,015,344	797,892	130,826,044

December 31, 2014	Neither Past Due Nor Impaired			
	Good/Moderate	Substandard	Unrated	Total
Consumer finance				
Micro credit	$ -	$ -	$ 2,758	$ 2,758
Corporate banking				
Secured	44,335,380	7,995,860	-	52,331,240
Unsecured	66,198,185	8,620,843	623,577	75,442,605
Total	110,533,565	16,616,703	626,335	127,776,603

March 31, 2014	Neither Past Due Nor Impaired			
	Good/Moderate	Substandard	Unrated	Total
Consumer finance				
Micro credit	$ -	$ -	$ 1,570	$ 1,570
Corporate banking				
Secured	39,148,080	9,706,036	7,030	48,861,146
Unsecured	57,622,298	8,582,348	485,374	66,690,020
Total	96,770,378	18,288,384	493,974	115,552,736

Note: The total amount is the original amount without the nonperforming loans and the adjustments for premiums or discounts.

c) Credit analysis for marketable securities

March 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets Investment in bonds	$ 108,827,973	$ -	$ -	$ 108,827,973	$ -	$ -	$ 108,827,973	$ -	$ 108,827,973

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $21,292,163 thousand, loss on valuation of $1,697,808 thousand and accumulated impairment of $68,172 thousand.

Note 2: Financial assets measured at cost have an initial cost of $27,373,486 thousand and accumulated impairments of $1,644,948 thousand.

Note 3: Debt instruments with no active markets have initial costs of $2,790,077 thousand and accumulated impairments of $146,172 thousand.

December 31, 2014	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets Investment in bonds	$ 103,068,335	$ -	$ -	$ 103,068,335	$ -	$ -	$ 103,068,335	$ -	$ 103,068,335

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $21,874,206 thousand, loss on valuation of $1,224,941 thousand and accumulated impairment of $68,172 thousand.

Note 2: Financial assets measured at cost have an initial cost of $31,807,057 thousand and accumulated impairments of $1,649,398 thousand.

Note 3: Debt instruments with no active markets have initial costs of $2,802,168 thousand and accumulated impairments of $146,172 thousand.

March 31, 2014	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets Investment in bonds	$ 80,473,427	$ -	$ -	$ 80,473,427	$ -	$ -	$ 80,473,427	$ -	$ 80,473,427

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $25,483,106 thousand, gain on valuation of $777,694 thousand and accumulated impairment of $84,834 thousand.

Note 2: Financial assets measured at cost have an initial cost of $31,809,817 thousand and accumulated impairments of $1,544,924 thousand.

Note 3: Debt instruments with no active markets have initial costs of $3,040,372 thousand and accumulated impairments of $74,310 thousand.

7) Impairment of discounts and loans and receivables

Items		Discounts and Loans			Allowance for Bad Debts		
		March 31, 2015	December 31, 2014	March 31, 2014	March 31, 2015	December 31, 2014	March 31, 2014
With objective evidence of impairment	Assessment of individual impairment	$ 3,641,984	$ 5,588,794	$ 6,880,144	$ 468,307	$ 858,738	$ 745,967
With no objective evidence of impairment	Assessment of collective impairment	127,269,780	122,597,544	108,672,592	1,271,753	1,225,208	1,085,909

Items		Receivables			Allowance for Bad Debts		
		March 31, 2015	December 31, 2014	March 31, 2014	March 31, 2015	December 31, 2014	March 31, 2014
With objective evidence of impairment	Assessment of individual impairment	$ 2,413,194	$ 1,991,952	$ 2,061,996	$ 432,185	$ 415,334	$ 434,598
With no objective evidence of impairment	Assessment of collective impairment	43,574,378	47,863,477	55,346,286	1,417,072	1,458,113	1,496,836

Note: The amounts of loans or receivable do not include the amounts of allowance and adjustments for discounts (premiums).

8) CDIB and subsidiaries had no overdue but not yet impaired financial assets

9) Management policies of collaterals assumed

CDIB and subsidiaries' collaterals assumed were mainly land and buildings. As of March 31, 2015, December 31, 2014 and March 31, 2014, the carrying amounts of the collaterals were $145,074 thousand, $153,631 thousand and $193,574 thousand, respectively. Collaterals assumed are classified as other assets in the consolidated balance sheets.

10) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of overdue loans and receivable

Item			March 31, 2015				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 85,720	$ 51,707,309	0.17	$ 919,096	1,072.21
	Unsecured		121,794	79,202,047	0.15	820,940	674.04
Consumer loan	Mortgage (Note 4)		-	-	-	-	-
	Cash card		-	-	-	-	-
	Micro credit (Note 5)		-	2,408	-	24	-
	Other (Note 6)	Secured	-	-	-	-	-
		Unsecured					
Total			207,514	130,911,764	0.16	1,740,060	838.53
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 7)			-	-	-	-	-
Account receivable - factored without recourse (Note 8)			-	932,777	-	9,328	-

Item			March 31, 2014				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ -	$ 48,861,146	-	$ 1,072,701	-
	Unsecured		-	66,690,020	-	759,159	-
Consumer loan	Mortgage (Note 4)		-	-	-	-	-
	Cash card		-	-	-	-	-
	Micro credit (Note 5)		-	1,570	-	16	-
	Other (Note 6)	Secured	-	-	-	-	-
		Unsecured					
Total			-	115,552,736	-	1,831,876	-
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 7)			-	-	-	-	-
Account receivable - factored without recourse (Note 8)			-	1,561,947	-	15,619	-

Note 1: Overdue loans represent the amounts of overdue loans reported in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Ministry of Finance.

Note 2: NPL ratio = NPL/Total loans.

Note 3: Coverage ratio = LLR/NPL.

Note 4: Home mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower's spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Ref. No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and credit cards.

Note 7: CDIB does not engage in the credit card business.

Note 8: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable factored without recourse.

Note 9: CDIB had no disclosures to make as regards the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 10: CDIB had no disclosures to make as regards the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

b) Excluded overdue loans and receivables: None

c) Concentration of credit risk

March 31, 2015

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking (Note 1)	Group (Industry Category) (Note 2)	Total Credit (Note 3)	Percentage of Net Worth
1	A Group (011700 petroleum and coal products manufacturing)	$ 8,497,706	7.39
2	B Group (011850 artificial fiber manufacturing)	5,894,010	5.12
3	C Group (016022 cable and other pay programs broadcasting)	4,451,078	3.87
4	D Group (016700 real estate development)	4,040,522	3.51
5	E Group (010319 manufacture of computers, electronic and optical products)	3,799,500	3.30
6	F Group (017112 engineering activities and related technical consultancy)	3,057,655	2.66
7	G Group (012641 LCD and related components manufacturing)	2,649,211	2.30
8	H Group (012740 data storage media)	2,600,000	2.26
9	I Group (012630 Manufacture of Bare Printed Circuit Boards)	2,447,413	2.13
10	J Group (012611 IC manufacturing)	2,063,350	1.79

March 31, 2014

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking (Note 1)	Group (Industry Category) (Note 2)	Total Credit (Note 3)	Percentage of Net Worth
1	K Group (012641 LCD and related components manufacturing)	$ 6,868,638	5.84
2	A Group (011700 petroleum and coal products manufacturing)	6,792,564	5.78
3	C Group (016022 cable and other pay programs broadcasting)	4,851,884	4.13
4	F Group (017112 engineering activities and related technical consultancy)	2,906,606	2.47
5	D Group (016700 real estate development)	2,694,100	2.29
6	J Group (012611 IC manufacturing)	2,429,185	2.07
7	B Group (011850 artificial fiber manufacturing)	2,355,100	2.00
8	G Group (012641 LCD and related components manufacturing)	2,185,021	1.86
9	L Group (010303 manufacture of textile)	1,766,002	1.50
10	M Group (016700 real estate development)	1,530,000	1.30

Note 1: The list shows rankings of the top 10 borrowers by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the Group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China of the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Under Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation criteria for the Review of Securities Listings", "Group" refers to the entity that has a controlling or subordinate relationship with the counter-party that obtained loans from CDIB.

Note 3: Credit balance means the sum of all the loans (including import bills negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, marginal receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans, and overdue receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

<u>KGI Securities and subsidiaries</u>

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries/formerly Grand Cathay and subsidiaries are exposed to during financial transactions include issuer's credit risk, counterparty credit risk and underlying assets credit risk.

a) Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments or deposits in banks when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).

b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Internal risk rating

KGI Securities and subsidiaries classify the credit risk of financial Assets into four levels; the definition of each level is listed as follows:

a) Low risk: A debt issuer/counterparty who has a stronger capability to fulfill its financial commitment and is mostly able to repay the principal and interest on the appointed dates in the contract. This counterparty is capable of creating cash flow and is ranked as low risk to KGI Securities.

b) Medium-low risk: A debt issuer/counterparty who has a good capability to fulfill its financial commitment related to the debt with a sound financial structure but its ability to repay on time might be affected by poor economic conditions or changes in the environment. A debt issuer/counterparty like this is ranked as medium-low risk to KGI Securities.

c) Medium risk: A debt issuer/counterparty who has an acceptable capability to fulfill its financial commitment related to the debt but its ability to do so might be affected by poor business operations, financial or economic conditions. An issuer/counterparty like this is ranked as medium risk to KGI Securities.

d) High risk: A debt issuer/counterparty who has a poor capability to fulfill its financial commitment related to the debt and its ability to do so solely depends on its business operation and the stability of the economic environment. A debt issuer/counterparty like this is ranked as high risk to KGI Securities.

The internal credit risk ratings used inside KGI Securities and subsidiaries is not related to external credit ratings. The chart below shows the similarities of the credit quality in KGI Securities' internal rating system and external rating system.

Interior Risk Rating of KGI Securities and Subsidiaries	Taiwan Ratings
Low risk	twAAA ~ twAA
Medium-low risk	twAA- ~ twA
Medium risk	twA- ~ twBBB-
High risk	twBB+ ~ under twC

3) Quality and past due of financial assets

March 31, 2015

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 11,525,408	$ -	$ 138,703	$ -	$ -	$ -	$ -	$ 11,664,111
Financial assets measured at FVTPL - current	53,526,890	1,021,526	8,303,389	-	-	-	-	62,851,805
Available-for-sale financial assets - current	57,584	-	-	-	-	-	-	57,584
Bonds purchased under resale agreements	10,233,585	3,150,929	-	-	-	-	-	13,384,514
Receivables	86,220,863	14,768,367	1,434,995	42,885	-	-	-	102,467,110
Customers' margin accounts	33,435,818	-	-	-	-	-	-	33,435,818
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,090,472	315,258	-	-	-	-	-	2,405,730
Other financial assets - current	5,300,388	-	-	-	-	-	-	5,300,388
Other current assets	26,357,560	26,100	-	-	-	-	-	26,383,660
Financial assets measured at FVTPL - noncurrent	50,909	-	-	-	-	-	-	50,909
Available-for-sale financial assets - noncurrent	-	-	31,130	-	-	-	-	31,130
Held to maturity financial assets - noncurrent	190,000	-	-	-	-	-	-	190,000
Others noncurrent assets	3,624,871	-	50,000	-	-	-	-	3,674,871
Total	$ 232,614,348	$ 19,282,180	$ 9,958,217	$ 42,885	$ -	$ -	$ -	$ 261,897,630
Percentage	88.82%	7.36%	3.80%	0.02%	-	-	-	100.00%

December 31, 2014

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 13,332,088	$ 180,612	$ -	$ -	$ -	$ -	$ -	$ 13,512,700
Financial assets measured at FVTPL - current	71,674,163	1,092,242	8,448,563	-	-	-	-	81,214,968
Available-for-sale financial assets - current	60,571	-	-	-	-	-	-	60,571
Bonds purchased under resale agreements	8,457,201	1,000,000	-	-	-	-	-	9,457,201
Receivables	55,661,329	12,816,313	1,150,477	59,796	-	-	-	69,687,915
Customers' margin accounts	24,346,463	-	-	-	-	-	-	24,346,463
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,069,095	277,680	-	-	-	-	-	2,346,775
Other financial assets - current	7,511,423	42,400	-	-	-	-	-	7,553,823
Other current assets	26,737,703	26,100	-	-	-	-	-	26,763,803
Financial assets measured at FVTPL - noncurrent	71,145	-	-	-	-	-	-	71,145
Available-for-sale financial assets - noncurrent	-	-	31,176	-	-	-	-	31,176
Held to maturity financial assets - noncurrent	190,000	-	-	-	-	-	-	190,000
Others noncurrent assets	3,911,721	-	50,000	-	-	-	-	3,961,721
Total	$ 214,022,902	$ 15,435,347	$ 9,680,216	$ 59,796	$ -	$ -	$ -	$ 239,198,261
Percentage	89.48%	6.45%	4.05%	0.02%	-	-	-	100.00%

March 31, 2014

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 12,113,743	$ 20,263	$ -	$ -	$ -	$ -	$ -	$ 12,134,006
Financial assets measured at FVTPL - current	52,974,322	1,040,183	9,925,662	-	-	-	-	63,940,167
Bonds purchased under resale agreements	9,724,445	-	-	-	-	-	-	9,724,445
Receivables	66,879,187	7,512,166	714,001	123,651	-	-	-	75,229,005
Customers’ margin accounts	15,048,169	-	-	-	-	-	-	15,048,169
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,499,737	1,545,326	-	-	-	-	-	3,045,063
Other financial assets - current	6,327,641	-	-	-	-	-	-	6,327,641
Other current assets	23,222,362	26,100	-	-	-	-	-	23,248,462
Financial assets measured at FVTPL - noncurrent	20,330	-	-	-	-	-	-	20,330
Available-for-sale financial assets - noncurrent	50,229	-	30,000	-	-	-	-	80,229
Held to maturity financial assets - noncurrent	208,024	-	-	-	-	-	-	208,024
Others noncurrent assets	4,224,144	-	50,000	-	-	-	-	4,274,144
Total	$ 192,292,333	$ 10,144,038	$ 10,719,663	$ 123,651	$ -	$ -	$ -	$ 213,279,685
Percentage	90.16%	4.76%	5.02%	0.06%	-	-	-	100.00%

Financial assets for KGI Securities and subsidiaries are divided into the following three categories based on their credit quality: Positions that are neither past due nor impaired, past due but unimpaired, and impaired.

a) Financial assets measured at fair value through profit or loss - current

Medium risk financial assets refer to the unsecured corporate bonds, convertible (exchangeable) corporate bonds and CB asset swap that KGI Securities has. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank; the other unsecured, most of the issuers’ risk is medium. KGI Securities conducts CB asset swap and issues credit linked note to transfer risk and lower the credit risk exposure of it. KGI Securities also reviews the risk exposure of the position periodically and therefore the credit risk is effectively under control.

b) Receivables

Receivables are the amount of margin loan receivables and trading securities receivable that KGI Securities and subsidiaries shall collect from clients in credit transactions. If clients’ risk ranked as medium (the collateral maintenance ratio from 140% to 120%) or high (the collateral maintenance ratio below 120%) collateral main risk, KGI Securities and subsidiaries will closely monitor market fluctuations and counterparties credit history, and also enforces related control measures to minimize the credit risk it faces.

c) Available-for-sale financial assets - noncurrent

It refers to the principal and discounted value of coupon rate listed in unsecured subordinated debentures issued by Hwatai Bank that KGI Securities’ subsidiary, GSFC, holds. This issuer is ranked as medium risk.

d) Other assets - noncurrent

The medium risk financial assets under this category include KGI Securities’ guarantee deposits-out. KGI Securities evaluates all counterparties based on the amounted materiality. The result shows that only certain counterparties are ranked as medium risk. As for the rest of the counterparties, they have low withdrawal amount and credit risk is diversified and therefore, the risk is low.

KGI Bank and subsidiaries

1) The source and definition of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor or counterparty fails to meet its contractual obligations. Credit risk management should be adopted in all operating activities that involved in credit risk, including loans, investment in banking book, financial derivatives, transactions in repurchase agreement and other operating activities in relation to the credit risk.

2) Management policy of credit risk

KGI Bank has set standard control procedures on credit risk identification, measurement, and information on disclosures and reports to conduct rational identification, measurement, disclosures and effective control on credit risk. KGI Bank also deliberates the fluctuation in economics and adjusts the credit risk structure accordingly to control the risks in credit portfolio within the risk appetite. These procedures include criteria for targeted client, credit investigation, credit approval or rejection, approval on exceptions, risk control and management, credit review, management on non-performing loans and requests and control of all related documents and information. Based on the risk management policies, the illustration of management process carried out by the competent authority is as follows:

a) Credit investigation

With respect to the criteria for targeted client, KGI Bank should ask for all necessary documents from the clients in order to filter client accurately and control credit portfolio within the acceptable range.

b) Credit approval

Cases that have passed through the credit investigation are reviewed by the credit authority of each level. The credit authorities authorize credits in compliance with the credit limitation structure and authorization policies of KGI Bank. The credit limitation structure and authorization policies of KGI Bank are not only based on banking act and the rules stipulated by the authority, concerning the credit extended to same person or same affiliated enterprises/groups, stock collateral, industry and country, but also based on the professionalism of the credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities on occasional basis.

c) Post-lending loan review mechanisms

The corporate banking business of KGI Bank strengthens the tracking control of the financial and business conditions on creditors, carry out risk assessment report of credit asset portfolio on a regular basis, set-up warning system and adjust business development strategy to cope with economic conditions and changes in asset quality through the account management scheme and regular reassessment system. As regards to delinquent loans, KGI Bank uses concentration management method, together with information systems and analysis model to conduct regular review to improve the performance on overdue to expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to the director of risk management, general manager, risk committee and board of directors.

e) Development, application and verification of risk information system

KGI Bank has actively developed quantify risk assessment model as a reference for credit decision. KGI Bank develops the credit rating model based on products and characteristics of counterparties and use the results from the model to filter new clients, risk pricing and limit management, to analyze and develop overdue management strategy on overdue loans based on client behavior pattern. To improve the effectiveness of credit investigation and ensure the consistency with the investigation standards, KGI Bank built a credit investigation operating system, which not only strengthen the effectiveness of KGI Bank operation and information system, but also improve the development of model for quantifying risk. KGI Bank conducts verification on the risk assessment model on a regular basis and evaluates the effectiveness of the model and made necessary amendments.

The methods of risk measurement in the main operating departments are as follows

i. Loans (including credit commitment and guarantee)

Classifications in credit assets and level of credit quality are illustrated as follows:

i) Classification of credit assets

The credit assets are classified into 5 categories, where the normal credit assets are classified as Category 1. After nonperforming credit assets are evaluated by assessing the status of the loan collaterals and the length of time overdue, they are classified under Category 2 assets that require special mention. Assets that are substandard are classified as Category 3, assets that are doubtful are classified as Category 4 and assets for which incurred a loss are classified as Category 5. KGI Bank has set "Regulations Governing the Procedures to Evaluate Credit Assets, Set Aside Loss Reserves and Handle Non-performing Credit, Non-accrual Loans and Bad Debts" as management for doubtful loans and as a basis for handling overdue loans.

ii) Level of credit quality

The level of credit quality is set to accommodate the characteristics and the scale of operating business, and conduct risk management.

ii. Due from the Central Banks and call loans to banks, investments in debt instruments and financial derivatives instruments

KGI Bank always assesses the credit situation of the counterparty before entering into a transaction. The counterparty's rating and information on financial condition from domestic and international credit rating agency are being considered and different credit risk limits are set. The credit risk limits are approved by the BOD or the authority level. Overall, most of the investments are above investment grade ratings.

3) Mitigation or hedging of risk

Based on the risk assessment of the credit counterparty and transactions, KGI Bank requires high liquidity and sufficient collateral or transfer of credit guarantee and guarantee association (for instance, Small and Medium Enterprise Credit Guarantee Fund) to strengthen the guarantee of loans. In order to avoid and control risks, KGI Bank not only requires the provision of necessary legal documents, but also conducts field survey on the status of collateral and determines whether to reassess the value of collateral and demand for additional collateral or adjust the credit amount. The lists of management conduct by KGI Bank are as follows:

a) Setting the value of collateral and management measures, including types of acceptable collateral, valuation process, frequency of revaluation, market assessment and law enforcement procedures;

b) The liquidity and value of collateral and the degree of law enforcement should be assessed by independent party;

c) The selection of appraise or appraisal institute, the requirements of appraisal and its related fees should be in compliance with the internal management procedures.

d) Transfer of collateral, authority setting and other insurance procedures should be completed before being appropriated, and the amount set, insured and other legal aspects should be complied with KGI Bank regulations.

4) Maximum exposure credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance sheet financial assets is equal to their carrying values and the maximum exposure of credit risk of off-balance sheet financial instruments were as follows:

	March 31, 2015	**December 31, 2014**
Loan commitments	$ 85,974,126	$ 84,032,841
Guarantees and letters of credit issued	902,025	1,352,486

KGI Bank believe the adopting stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure of their off-balance sheet items.

KGI Bank’s pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (eg: Machinery), rights certificates and securities (eg: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (eg: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement

5) Concentrations of credit risk

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise in a bank's assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. KGI Bank maintains a diversified portfolio, limits its exposure on a continuous basis. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	March 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Public and private enterprise	$ 26,156,002	26.25	$ 28,104,073	27.80
Natural person	73,352,125	73.63	72,852,537	72.06
Non-profit organization	117,968	0.12	144,555	0.14
Total	$ 99,626,095	100.00	$ 101,101,165	100.00

b) By region

Region	March 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Domestic	$ 92,431,939	92.78	$ 92,928,504	91.92
Overseas	7,194,156	7.22	8,172,661	8.08
Total	$ 99,626,095	100.00	$ 101,101,165	100.00

c) By collateral

Collateral	March 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Non-collateral	$ 47,207,994	47.39	$ 48,910,380	48.38
Collateral				
Financial collateral	1,205,289	1.21	1,226,009	1.21
Receivables	757,661	0.76	819,758	0.81
Property	45,979,194	46.15	45,311,877	44.82
Guarantee	4,004,179	4.02	4,456,092	4.41
Other	471,778	0.47	377,049	0.37
Total	$ 99,626,095	100.00	$ 101,101,165	100.00

6) The analysis of financial assets credit quality and impairment of overdue credit

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to banks, financial assets at fair value through profit or loss, securities purchased under resell agreement, refundable deposits, operation guarantee deposits and clearing and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

Apart from the abovementioned, the analysis of remaining financial assets quality is as follows:

a) Discount, loans and receivables

March 31, 2015	Neither Overdue nor Impaired Amount (A)	Overdue But not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 7,089,300	$ 47,688	$ 72,026	$ 7,209,014	$ 45,857	$ 104,689	$ 7,058,468
- other	806,687	3,825	1,480,967	2,291,479	973,268	4,019	1,314,192
Discount and loans	96,934,366	1,504,499	1,187,230	99,626,095	479,143	859,852	98,287,100

December 31, 2014	Neither Overdue nor Impaired Amount (A)	Overdue But not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 8,330,949	$ 42,659	$ 73,213	$ 8,446,821	$ 40,359	$ 89,268	$ 8,317,194
- other	682,670	3,380	1,491,471	2,177,521	975,476	3,770	1,198,275
Discount and loans	98,620,331	1,328,635	1,152,199	101,101,165	452,115	911,178	99,737,872

b) When the discount and loan of KGI Bank incurs no overdue nor impaired, the analysis is based on the credit quality of the client

March 31, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 16,821,597	$ 8,455,451	$ 16,977	$ -	$ 25,294,025
- cash card	8,427,095	2,683,744	630,548	3,691,768	15,433,155
- small-scale credit loans	14,613,874	1,914,294	102,160	101,720	16,732,048
- other-secured	11,396,830	1,271,787	97,097	30,857	12,796,571
- other-unsecured	65,046	-	-	5,550	70,596
Corporate banking					
- secured	1,207,749	3,533,087	6,093,159	654,651	11,488,646
- unsecured	4,142,217	6,026,197	4,427,395	523,516	15,119,325
Total	$ 56,674,408	$ 23,884,560	$ 11,367,336	$ 5,008,062	$ 96,934,366

December 31, 2014	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 16,173,010	$ 8,316,938	$ 17,173	$ -	$ 24,507,121
- cash card	8,563,226	2,934,221	652,072	3,926,071	16,075,590
- small-scale credit loans	14,503,294	1,880,094	112,833	109,733	16,605,954
- other-secured	11,278,202	1,327,377	106,743	33,029	12,745,351
- other-unsecured	69,070	-	-	7,668	76,738
Corporate banking					
- secured	1,527,483	3,980,268	6,102,909	644,588	12,255,248
- unsecured	4,749,644	6,633,052	4,426,048	545,585	16,354,329
Total	$ 56,863,929	$ 25,071,950	$ 11,417,778	$ 5,266,674	$ 98,620,331

March 31, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 485,409	$ 456,814	$ 904,056	$ 428,860	$ 2,275,139
- credit card and acceptances - forfaiting	4,687,712	-	-	-	4,687,712
- accounts receivable factoring - no recourse	-	-	68,393	1,010	69,403
- acceptances	-	-	57,046	-	57,046
Total	$ 5,173,121	$ 456,814	$ 1,029,495	$ 429,870	$ 7,089,300

December 31, 2014	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 662,666	$ 450,289	$ 889,440	$ 397,732	$ 2,400,127
- credit card and acceptances - forfaiting	5,804,956	-	-	-	5,804,956
- accounts receivable factoring - no recourse	-	-	94,829	1,055	95,884
- acceptances	-	-	29,982	-	29,982
Total	$ 6,467,622	$ 450,289	$ 1,014,251	$ 398,787	$ 8,330,949

c) Securities investment credit quality analysis

March 31, 2015	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 8,221,503	$ -	$ -	$ 8,221,503	$ -	$ -	$ 8,221,503	$ -	$ 8,221,503
- investment in stocks	6,878	-	-	6,878	-	-	6,878	-	6,878
Held-to-maturity financial assets	-	309,857	-	309,857	-	-	309,857	-	309,857
Other financial assets									
- investment in stocks	-	138,615	54,002	192,617	-	68,582	261,199	38,380	222,819
Total	8,228,381	448,472	54,002	8,730,855	-	68,582	8,799,437	38,380	8,761,057

December 31, 2014	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 10,107,777	$ -	$ -	$ 10,107,777	$ -	$ -	$ 10,107,777	$ -	$ 10,107,777
- investment in stocks	6,998	-	-	6,998	-	-	6,998	-	6,998
Held-to-maturity financial assets	18,600,000	-	-	18,600,000	-	-	18,600,000	-	18,600,000
Other financial assets									
- investment in stocks	-	138,615	54,002	192,617	-	68,582	261,199	38,380	222,819
Total	28,714,775	138,615	54,002	28,907,392	-	68,582	28,975,974	38,380	28,937,594

7) Aging analysis of financial assets overdue but not yet impaired

Delays in processing payments by borrowers and other administrative reasons could result in financial assets overdue but not yet impaired. According to KGI Bank's assessment of impairment in loans and receivables, financial assets overdue within 90 days are not considered as impairment, unless other evidence supported.

The aging analysis of financial assets overdue but not yet impaired is as follows:

	March 31, 2015		
	1 Month	**Over 1 Month-3 Months**	**Total**
Credit card business	$ 26,067	$ 21,621	$ 47,688
Discount and loans			
Consumer banking			
- mortgage loans	332,673	24,984	357,657
- cash card	329,595	67,820	397,415
- small-scale credit loans	475,547	51,348	526,895
- other - secured	164,012	7,445	171,457
- other - unsecured	600	22	622
Corporate banking			
- secured	25,252	10,050	35,302
- unsecured	10,854	4,297	15,151
Total	1,338,533	165,966	1,504,499

	December 31, 2014		
	1 Month	**Over 1 Month-3 Months**	**Total**
Credit card business	$ 21,998	$ 20,661	$ 42,659
Discount and loans			
Consumer banking			
- mortgage loans	232,061	71,494	303,555
- cash card	316,982	81,040	398,022
- small-scale credit loans	382,806	50,771	433,577
- other - secured	107,607	19,948	127,555
- other - unsecured	844	33	877
Corporate banking			
- secured	20,938	33,642	54,580
- unsecured	3,499	6,970	10,469
Total	1,064,737	263,898	1,328,635

8) Analysis of impairment for financial assets

Analysis of impairment for discounts, loans and receivables and accumulated impairment are as follows:

Items		March 31, 2015	
		Discounts and Loans	**Allowance for Possible Losses**
With objective evidence of impairment	Individual assessment	$ 371,959	$ 40,028
	Collective assessment	815,271	439,115
Without objective evidence of impairment	Collective assessment	98,438,865	859,852
Total		$ 99,626,095	$ 1,338,995

Items		December 31, 2014	
		Discounts and Loans	Allowance for Possible Losses
With objective evidence of impairment	Individual assessment	$ 374,516	$ 40,003
	Collective assessment	777,683	412,112
Without objective evidence of impairment	Collective assessment	99,948,966	911,178
Total		$ 101,101,165	$ 1,363,293

Items		March 31, 2015	
		Receivables	Allowance for Possible Losses
With objective evidence of impairment	Individual assessment	$ 1,467,139	$ 961,738
	Collective assessment	85,854	57,387
Without objective evidence of impairment	Collective assessment	7,947,500	108,708
Total		$ 9,500,493	$ 1,127,833

Items		December 31, 2014	
		Receivables	Allowance for Possible Losses
With objective evidence of impairment	Individual assessment	$ 1,480,505	$ 966,988
	Collective assessment	84,179	48,847
Without objective evidence of impairment	Collective assessment	9,059,658	93,038
Total		$ 10,624,342	$ 1,108,873

9) Management of foreclosed collateral

Foreclosed collateral is recorded at cost, using lower-at-cost or market approach as at balance sheet date. If collateral is not disposed of within the statutory period, KGI Bank should apply for an extension of the disposal period and increase its provision for possible losses if necessary.

The foreclosed collateral includes securities, land and property. As of March 31, 2015 and December 31, 2014, the carrying amounts of the collaterals both were $0 thousand. The foreclosed collateral recognized as other assets in balance sheet.

10) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits

Item			March 31, 2015				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 81,744	$ 11,796,657	0.69%	$ 22,497	27.52%
	Unsecured		36,381	15,358,990	0.24%	197,111	541.80%
Consumer loan	Mortgage (Note 4)		69,373	25,722,062	0.27%	25,558	36.84%
	Cash card		207,970	16,235,596	1.28%	717,266	344.89%
	Micro credit (Note 5)		98,420	17,452,344	0.56%	366,396	372.28%
	Other (Note 6)	Secured	15,614	12,987,591	0.12%	9,603	61.50%
		Unsecured	2,864	72,855	3.93%	564	19.70%
Total			512,366	99,626,095	0.51%	1,338,995	261.34%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 7)			32,460	2,394,787	1.36%	91,151	280.81%
Account receivable - factored without recourse (Note 8)			43	69,469	0.06%	1,550	3,610.85%

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans."

Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio = Nonperforming loans ÷ Total loan balance.

For credit card business: Delinquency ratio = Overdue credit card receivables ÷ Credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Overdue credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower or the spouse or the minor children of the borrower.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.

b) Exemption of nonperforming loans and overdue receivables

Items	March 31, 2015	
	Discounts and Loans	**Allowance for Possible Losses**
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 72,857	$ 362
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	45,239	3,895
Total	118,096	4,257

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letter dated September 15, 2008 (Ref. No. 09700318940).

c) Concentration of credit extensions

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group-130220 Offshore Companies, Firms, Group	$ 628,020	3.22
2	B Group-014100 Architectural Engineering	453,859	2.32
3	C Group-016700 Real Estate Construction and Development	430,000	2.20
4	D Group-012831 Electric Wire and Cable Manufactory	413,576	2.12
5	E Group-016812 Real Estate Brokerage	379,000	1.94
6	F Group-015510 Short-term Stay Service	360,431	1.85
7	G Group-130100 Offshore Financial Institution	314,010	1.61
8	H Group-130220 Offshore Companies, Firms, Group	314,010	1.61
9	I Group-016811 Real Estate Rental and Leasing	313,000	1.60
10	J Group-015911 Films Manufacturing	308,200	1.58

c. Liquidity risk

CDIB

1) Source and definition of liquidity risk

Liquidity risk is defined as CDIB is unable to meet its obligation for the asset funding within a reasonable time, which causes the risk of earnings or economic capital loss.

2) Management policies

Pursuant to liquidity risk control, CDIB calculates the maximum cumulative cash outflow (maximum cumulative outflows, or MCO) to monitor daily funding gap by each major currency. There were various measures such as valuating possible future capital requirements and deconcentration of capital sources, to assure the Bank could acquire capital at any time and have the ability to pay liabilities when due, and to maintain adequate liquidity at best cost to volume.

3) Maturity gap analysis of financial assets and nonderivative financial liabilities held for liquidity purpose

a) Financial assets held for liquidity management

CDIB holds cash and highly liquid and high grade carry assets to pay off obligations and meet the potential emergency funding events. That is the assets held for liquidity management include cash and cash equivalents, due from the Central Bank and other banks, financial assets at fair value through profit or loss, discounts, loans, and available-for-sale financial assets.

b) Nonderivative financial liabilities

The following tables show the cash outflows of CDIB's nonderivative financial liabilities based on the duration of contract maturities. The amounts disclosed were based on contractual cash flows; therefore, some of them will not relatively match with those shown on the consolidated balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ 36,740	$ 222,690	$ 126,185	$ 395,286	$ -	$ 780,901
Securities sold under repurchase agreements	4,914,538	150,000	-	-	-	5,064,538
Payables	43,614	28,994	16,391	1,077	-	90,076
Deposits and remittances	20,776,432	23,041,226	45,332,414	3,132,325	4,668	92,287,065
Bank debentures payable	1,000,000	-	-	-	3,817,653	4,817,653
Other capital outflow on maturity	2,067,309	67,721	2,406	220,802	1,320,863	3,679,101
Subtotal	$ 28,838,633	$ 23,510,631	$ 45,477,396	$ 3,749,490	$ 5,143,184	$ 106,719,334

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ 4,555,100	$ 215,704	$ 259,430	$ 253,740	$ -	$ 5,283,974
Securities sold under repurchase agreements	7,058,297	-	-	-	-	7,058,297
Payables	305,475	41,911	18,655	1,038	-	367,079
Deposits and remittances	20,573,553	26,176,002	40,443,980	4,567,915	4,668	91,766,118
Bank debentures payable	10,071,148	-	1,000,000	-	2,750,000	13,821,148
Other capital outflow on maturity	748,807	373,762	13,205	6,026	1,328,265	2,470,065
Subtotal	$ 43,312,380	$ 26,807,379	$ 41,735,270	$ 4,828,719	$ 4,082,933	$ 120,766,681

(In Thousands of New Taiwan Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ 36,740	$ 222,690	$ 126,185	$ 401,817	$ -	$ 787,432
Securities sold under repurchase agreements	16,798,108	174,059	-	-	-	16,972,167
Payables	50,111	59,233	15,095	51,383	-	175,822
Deposits and remittances	17,533,441	41,310,814	51,002,143	8,515,325	4,668	118,366,391
Bank debentures payable	2,080,383	-	-	9,000,000	3,750,000	14,830,383
Other capital outflow on maturity	399,493	29,204	36,931	188,840	1,244,901	1,899,369
Subtotal	$ 36,898,276	$ 41,796,000	$ 51,180,354	$ 18,157,365	$ 4,999,569	$ 153,031,564

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ 70,000	$ -	$ -	$ -	$ -	$ 70,000
Securities sold under repurchase agreements	743,650	907,822	248,193	-	-	1,899,665
Payables	2,504	2,056	1,036	538	-	6,134
Deposits and remittances	2,700,426	622,853	164,858	101,148	-	3,589,285
Bonds debentures payable	-	-	-	-	102,195	102,195
Other capital outflow on maturity	273,136	9,890	221	3,448	11,978	298,673
Subtotal	$ 3,789,716	$ 1,542,621	$ 414,308	$ 105,134	$ 114,173	$ 5,965,952

(In Thousands of U.S. Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ 135,000	$ -	$ -	$ -	$ -	$ 135,000
Securities sold under repurchase agreements	728,574	857,481	187,119	-	-	1,773,174
Payables	1,291	1,507	926	483	-	4,207
Deposits and remittances	1,912,304	210,908	300,092	119,167	-	2,542,471
Other capital outflow on maturity	20,966	2,525	197	-	11,995	35,683
Subtotal	$ 2,798,135	$ 1,072,421	$ 488,334	$ 119,650	$ 11,995	$ 4,490,535

(In Thousands of U.S. Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ 200,000	$ 35,000	$ -	$ -	$ -	$ 235,000
Securities sold under repurchase agreements	647,038	982,806	251,504	-	-	1,881,348
Payables	1,295	1,684	829	445	-	4,253
Deposits and remittances	925,730	158,354	101,104	93,723	1,094	1,280,005
Other capital outflow on maturity	92,416	10,498	490	-	13,549	116,953
Subtotal	$ 1,866,479	$ 1,188,342	$ 353,927	$ 94,168	$ 14,643	$ 3,517,559

4) Maturity analysis of derivative instruments

a) Net settled derivative instruments

Net settled derivative instruments of CDIB include:

i. Foreign currency derivatives instruments: Currency option contracts, commodity-linked option contracts and nondeliverable forward contracts.

ii. Interest rate derivatives instruments: Interest rate swap option contracts and others.

iii. Equity derivatives instruments: Equity option.

Assessment of contractual maturities was a basis of understanding derivative instruments presented in the consolidated balance sheet. Amounts disclosed in the table are based on as the contractual cash flows; thus, some amounts will not match those in the consolidated balance sheets. Maturity analyses of net settled derivative instruments were as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments	$ 5	$ -	$ -	$ -	$ -	$ 5

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments	$ 4,665	$ -	$ -	$ -	$ -	$ 4,665

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments	$ 219	$ -	$ -	$ -	$ -	$ 219

(In Thousands of U.S. Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments	$ 1,034	$ -	$ -	$ -	$ -	$ 1,034

b) Gross settled derivative instruments

Gross settled derivative instruments of CDIB include:

i. Foreign currency derivatives instruments: Foreign currency future contracts, currency swap contracts and forward exchange contracts.

ii. Interest rate derivatives instruments: Interest rate swap contracts, cross-currency swap contracts, asset swap contracts and interest rate future contracts.

iii. Credit derivatives: All credit default swaps are presented at gross amounts paid regularly to credit protection sellers and at the amounts representing one-time payments of proceeds to credit protection buyers when credit risk events occur.

The following tables show the cash outflows on CDIB's gross-settled derivative instruments by period from the consolidated balance sheet dates to contract maturity dates. Assessment of contractual maturities was a basis of understanding derivative instruments presented in the consolidated balance sheets. Amounts disclosed in the tables were based on the contractual cash flows; thus, some amounts will not match those in the consolidated balance sheets. Maturity analyses of gross settled derivative instruments were as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (167,499,453)	$ (161,468,501)	$ (72,365,074)	$ (14,796,166)	$ -	$ (416,129,194)
Cash inflow	142,056,966	146,109,340	89,234,874	13,276,436	-	390,677,616
Interest rate derivatives instruments						
Cash outflow	(735,386)	(8,878,904)	(3,627,302)	(4,350,211)	(35,443,245)	(53,035,048)
Cash inflow	187,083	8,801,896	4,073,627	1,199,340	44,589	14,306,535
Cash outflow subtotal	(168,234,839)	(170,347,405)	(75,992,376)	(19,146,377)	(35,443,245)	(469,164,242)
Cash inflow subtotal	142,244,049	154,911,236	93,308,501	14,475,776	44,589	404,984,151
Net cash flow	$ (25,990,790)	$ (15,436,169)	$ 17,316,125	$ (4,670,601)	$ (35,398,656)	$ (64,180,091)

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (147,438,705)	$ (184,409,292)	$ (38,203,727)	$ (28,640,724)	$ -	$ (398,692,448)
Cash inflow	136,466,137	185,324,338	58,780,013	28,041,051	-	408,611,539
Interest rate derivatives instruments						
Cash outflow	(1,698,393)	(1,398,701)	(9,942,210)	(4,142,367)	(52,040,127)	(69,221,798)
Cash inflow	188,739	1,338,243	8,316,423	900,000	1,241,199	11,984,604
Cash outflow subtotal	(149,137,098)	(185,807,993)	(48,145,937)	(32,783,091)	(52,040,127)	(467,914,246)
Cash inflow subtotal	136,654,876	186,662,581	67,096,436	28,941,051	1,241,199	420,596,143
Net cash flow	$ (12,482,222)	$ 854,588	$ 18,950,499	$ (3,842,040)	$ (50,798,928)	$ (47,318,103)

(In Thousands of New Taiwan Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (91,967,157)	$ (165,451,663)	$ (30,360,189)	$ (16,074,125)	$ -	$ (303,853,134)
Cash inflow	110,016,967	148,629,760	108,601,241	16,669,758	-	383,917,726
Interest rate derivatives instruments						
Cash outflow	(436,598)	(521,648)	(1,192,788)	(4,122,300)	(56,333,249)	(62,606,583)
Cash inflow	381,451	434,314	1,191,140	1,619,370	1,592,585	5,218,860
Derivative financial instruments for hedging purposes						
Interest rate derivatives instruments						
Cash outflow	(4,315)	-	-	-	-	(4,315)
Cash inflow	8,904	-	-	-	-	8,904
Cash outflow subtotal	(92,408,070)	(165,973,311)	(31,552,977)	(20,196,425)	(56,333,249)	(366,464,032)
Cash inflow subtotal	110,407,322	149,064,074	109,792,381	18,289,128	1,592,585	389,145,490
Net cash flow	$ 17,999,252	$ (16,909,237)	$ 78,239,404	$ (1,907,297)	$ (54,740,664)	$ 22,681,458

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (6,548,170)	$ (5,169,225)	$ (3,181,448)	$ (635,494)	$ -	$(15,534,337)
Cash inflow	7,719,514	5,662,600	2,609,612	701,302	-	16,693,028
Interest rate derivatives instruments						
Cash outflow	(29,558)	(80,475)	(144,880)	(46,752)	(127,800)	(429,465)
Cash inflow	28,862	79,246	108,405	49,022	-	265,535
Cash outflow subtotal	(6,577,728)	(5,249,700)	(3,326,328)	(682,246)	(127,800)	(15,963,802)
Cash inflow subtotal	7,748,376	5,741,846	2,718,017	750,324	-	16,958,563
Net cash flow	$ 1,170,648	$ 492,146	$ (608,311)	$ 68,078	$ (127,800)	$ 994,761

(In Thousands of U.S. Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (6,161,353)	$ (6,294,339)	$ (1,959,846)	$ (1,015,204)	$ -	$(15,430,742)
Cash inflow	6,530,571	6,241,225	1,294,217	1,051,239	-	15,117,252
Interest rate derivatives instruments						
Cash outflow	(31,961)	(88,811)	(91,544)	(48,329)	(97,808)	(358,453)
Cash inflow	31,715	57,856	88,893	18,140	40,000	236,604
Cash outflow subtotal	(6,193,314)	(6,383,150)	(2,051,390)	(1,063,533)	(97,808)	(15,789,195)
Cash inflow subtotal	6,562,286	6,299,081	1,383,110	1,069,379	40,000	15,353,856
Net cash flow	$ 368,972	$ (84,069)	$ (668,280)	$ 5,846	$ (57,808)	$ (435,339)

(In Thousands of U.S. Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (4,588,891)	$ (5,205,507)	$ (3,637,889)	$ (625,043)	$ -	$(14,057,330)
Cash inflow	4,362,068	5,994,001	1,816,267	639,049	-	12,811,385
Interest rate derivatives instruments						
Cash outflow	(23,080)	(39,104)	(47,828)	(140,090)	(135,981)	(386,083)
Cash inflow	22,838	37,862	50,386	112,633	41,233	264,952
Cash outflow subtotal	(4,611,971)	(5,244,611)	(3,685,717)	(765,133)	(135,981)	(14,443,413)
Cash inflow subtotal	4,384,906	6,031,863	1,866,653	751,682	41,233	13,076,337
Net cash flow	$ (227,065)	$ 787,252	$ (1,819,064)	$ (13,451)	$ (94,748)	$ (1,367,076)

5) Maturity analysis of off-balance sheet items

The following table sorts CDIB's off-balance sheet items by period from the consolidated balance sheet dates to contract maturity dates. Amounts disclosed in the table were based on as the contractual cash flows; thus some amounts will not match those in the consolidated balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees, and letters of credit	$ 708,701	$ 737,155	$ 1,914,573	$ 956,948	$ 9,588,955	$ 13,906,332

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees, and letters of credit	$ 770,777	$ 1,272,047	$ 824,525	$ 2,241,210	$ 9,647,038	$ 14,755,597

(In Thousands of New Taiwan Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees, and letters of credit	$ 778,059	$ 2,199,073	$ 1,457,800	$ 2,313,111	$ 12,216,630	$ 18,964,673

6) Maturity analysis of lease commitments and capital outflow commitments

CDIB and subsidiaries' lease commitments included operating and finance leases. Operating lease commitments were the future minimum payments under noncancellable operating lease where the Bank or its subsidiary is the lessee or lessor. The maturity analyses of lease commitments and capital outflow commitments are as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,954,993	$ 3,412,678	$ -	$ 7,367,671
Financial lease present value incomes (lessor)	3,604,196	3,171,143	-	6,775,339

(In Thousands of New Taiwan Dollars)

December 31, 2014	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,803,497	$ 3,506,051	$ -	$ 7,309,548
Financial lease present value incomes (lessor)	3,447,214	3,271,053	-	6,718,267

(In Thousands of New Taiwan Dollars)

March 31, 2014	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,452,735	$ 3,251,757	$ -	$ 6,704,492
Financial lease present value incomes (lessor)	3,151,148	2,955,443	-	6,106,591

7) Regulations Governing the Preparation of Financial Reports by Public Banks, and the required disclosures are summarized as follows:

a) Maturity analysis of New Taiwan dollars of CDIB

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Cash inflow	$ 106,349,568	$ 169,711,525	$ 176,232,121	$ 107,007,219	$ 28,397,676	$ 99,719,017	$ 687,417,126
Cash outflow	86,241,859	117,856,150	206,262,645	136,590,284	43,821,053	186,795,918	777,567,909
Gap	20,107,709	51,855,375	(30,030,524)	(29,583,065)	(15,423,377)	(87,076,901)	(90,150,783)

(In Thousands of New Taiwan Dollars)

March 31, 2014	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Cash inflow	$ 69,501,118	$ 95,495,693	$ 174,181,135	$ 120,878,765	$ 28,327,160	$ 145,720,868	$ 634,104,739
Cash outflow	44,856,432	90,096,650	217,740,870	94,888,092	55,174,691	203,963,073	706,719,808
Gap	24,644,686	5,399,043	(43,559,735)	25,990,673	(26,847,531)	(58,242,205)	(72,615,069)

b) Maturity analysis of U.S. dollars of CDIB

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 9,434,836	$ 6,469,024	$ 3,648,593	$ 1,613,424	$ 927,569	$ 22,093,446
Cash outflow	10,516,345	7,055,243	4,061,111	1,230,900	949,857	23,813,456
Gap	(1,081,509)	(586,219)	(412,518)	382,524	(22,288)	(1,720,010)

(In Thousands of U.S. Dollars)

March 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 5,548,012	$ 6,532,001	$ 2,619,746	$ 1,777,011	$ 1,666,552	$ 18,143,322
Cash outflow	6,590,384	6,630,618	4,280,587	1,192,740	687,584	19,381,913
Gap	(1,042,372)	(98,617)	(1,660,841)	584,271	978,968	(1,238,591)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2015	Collection Period					Total
	Spot	In 3 Months	3-12 Months	1-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,027,691	$ 5,636,420	$ -	$ -	$ -	$ 11,664,111
Financial assets measured at FVTPL - current	63,447,388	10,544,767	11,056,748	267,959	156,004	85,472,866
Financial assets at cost - current	353,462	-	-	-	-	353,462
Available-for-sale financial assets - current	8,061,990	-	-	-	-	8,061,990
Bond purchased under resale agreements	-	13,382,727	-	-	-	13,382,727
Receivable	69,333,592	5,827,711	24,598,190	2,707,617	-	102,467,110
Customers’ margin accounts	33,435,818	-	-	-	-	33,435,818
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,997,932	-	407,798	-	-	2,405,730
Other financial assets - current	-	-	5,300,388	-	-	5,300,388
Income tax assets	-	-	25,274	4	270,997	296,275
Other current assets	25,497,056	613,383	273,221	-	-	26,383,660
Financial assets measured at FVTPL - noncurrent	-	-	1,000	51,000	-	52,000
Financial assets at cost - noncurrent	-	-	-	9,268	1,055,728	1,064,996
Available-for-sale financial assets - noncurrent	-	-	31,131	-	114,530	145,661
Held-to-maturity financial assets - noncurrent	-	150,000	40,000	-	-	190,000
Investments accounted for using the equity method	-	-	-	-	2,282,359	2,282,359
Others noncurrent assets	100,000	-	200,000	358,829	2,866,483	3,525,312
Total	$ 208,254,929	$ 36,155,008	$ 41,933,750	$ 3,394,677	$ 6,746,101	$ 296,484,465
Percentage	70.24%	12.19%	14.14%	1.15%	2.28%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2015	Payment Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ 45,534,225	$ 8,211,153	$ -	$ -	$ -	$ 53,745,378
Commercial papers payable, net	-	23,807,655	-	-	-	23,807,655
Financial liabilities measured at FVTPL - current	2,788,140	2,573,927	3,440,424	2,039,308	158,250	11,000,049
Bonds sold under repurchase agreements	-	57,983,796	-	-	-	57,983,796
Payables	38,794,792	612,701	2,569,372	147,084	-	42,123,949
Guarantee deposits - borrowed securities	-	1,799,307	6,071,751	-	-	7,871,058
Futures customers’ equity	32,036,598	-	-	-	-	32,036,598
Other current liabilities	3,524,132	1,327,629	1,714,256	74	-	6,566,091
Other financial liability - current	-	9,091,744	8,147	-	-	9,099,891
Income tax liability	-	301,990	119,487	863,660	14,072	1,299,209
Bonds payable	-	-	-	1,012,200	-	1,012,200
Liabilities reserve - noncurrent	-	-	-	-	159,805	159,805
Others noncurrent liabilities	-	-	-	507,904	45,066	552,970
Total	$ 122,677,887	$ 105,709,902	$ 13,923,437	$ 4,570,230	$ 377,193	$ 247,258,649
Percentage	49.62%	42.75%	5.63%	1.85%	0.15%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2015	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 208,254,929	$ 36,155,008	$ 41,933,750	$ 3,394,677	$ 6,746,101	$ 296,484,465
Cash outflow	122,677,887	105,709,902	13,923,437	4,570,230	377,193	247,258,649
Amount of cash flow gap	$ 85,577,042	$ (69,554,894)	$ 28,010,313	($ 1,175,553)	$ 6,368,908	$ 49,225,816

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2014	Collection Period					Total
	Spot	In 3 Months	3-12 Months	1-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,938,833	$ 6,573,867	$ -	$ -	$ -	$ 13,512,700
Financial assets measured at FVTPL - current	75,930,453	8,620,059	14,156,780	143,940	66,476	98,917,708
Financial assets at cost - current	374,818	-	-	-	-	374,818
Available-for-sale financial assets - current	4,617,323	-	3,056,117	-	-	7,673,440
Bond purchased under resale agreements	-	9,427,733	-	-	-	9,427,733
Receivable	38,132,891	7,011,254	21,464,255	3,079,515	-	69,687,915
Customers' margin accounts	24,346,463	-	-	-	-	24,346,463
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,832,480	-	514,295	-	-	2,346,775
Other financial assets - current	-	-	7,553,823	-	-	7,553,823
Income tax assets	-	-	18,456	4	270,951	289,411
Other current assets	25,323,644	884,690	555,469	-	-	26,763,803
Financial assets measured at FVTPL - noncurrent	-	20,450	1,000	51,000	-	72,450
Financial assets at cost - noncurrent	-	-	-	9,268	1,068,031	1,077,299
Available-for-sale financial assets - noncurrent	-	-	-	31,176	112,593	143,769
Held-to-maturity financial assets - noncurrent	-	-	190,000	-	-	190,000
Investments accounted for using the equity method	-	-	-	-	2,222,317	2,222,317
Others noncurrent assets	-	-	200,000	359,740	3,473,394	4,033,134
Total	$ 177,496,905	$ 32,538,053	$ 47,710,195	$ 3,674,643	$ 7,213,762	$ 268,633,558
Percentage	66.07%	12.11%	17.76%	1.37%	2.69%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2014	Payment Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ 15,928,632	$ 10,554,787	$ -	$ -	$ -	$ 26,483,419
Commercial papers payable, net	-	9,258,974	-	-	-	9,258,974
Financial liabilities measured at FVTPL - current	2,620,787	2,756,717	4,749,195	1,731,368	70,683	11,928,750
Bonds sold under repurchase agreements	-	64,141,723	-	-	-	64,141,723
Payables	40,958,027	748,879	6,598,447	635,676	-	48,941,029
Guarantee deposits - borrowed securities	-	2,737,946	7,367,695	-	-	10,105,641
Futures customers' equity	23,790,080	-	-	-	-	23,790,080
Other current liabilities	526,013	1,471,442	2,447,202	73	-	4,444,730
Other financial liability - current	-	13,480,317	8,218	-	-	13,488,535
Income tax liability	-	829,760	57,789	1,149,100	9,211	2,045,860
Long-term liability matured in one year or the operating cycle	-	3,100,000	-	-	-	3,100,000
Bonds payable	-	-	-	1,020,680	-	1,020,680
Liabilities reserve - noncurrent	-	-	-	-	197,613	197,613
Others noncurrent liabilities	-	-	-	353,703	43,867	397,570
Total	$ 83,823,539	$ 109,080,545	$ 21,228,546	$ 4,890,600	$ 321,374	$ 219,344,604
Percentage	38.21%	49.73%	9.68%	2.23%	0.15%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 177,496,905	$ 32,538,053	$ 47,710,195	$ 3,674,643	$ 7,213,762	$ 268,633,558
Cash outflow	83,823,539	109,080,545	21,228,546	4,890,600	321,374	219,344,604
Amount of cash flow gap	$ 93,673,366	$ (76,542,492)	$ 26,481,649	$ (1,215,957)	$ 6,892,388	$ 49,288,954

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 4,840,139	$ 7,293,867	$ -	$ -	$ -	$ 12,134,006
Financial assets measured at FVTPL - current	62,102,981	6,482,061	13,738,962	157,586	7,503	82,489,093
Financial assets at cost - current	689,487	-	-	-	-	689,487
Available-for-sale financial assets - current	4,402,393	-	-	-	-	4,402,393
Bonds purchased under resale agreements	-	9,324,066	402,173	-	-	9,726,239
Receivables	43,917,586	5,078,006	23,071,897	3,161,516	-	75,229,005
Customers' margin accounts	15,048,169	-	-	-	-	15,048,169
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,300,038	259,797	485,228	-	-	3,045,063
Other financial assets - current	-	-	6,327,641	-	-	6,327,641
Income tax assets	-	-	8,542	200	284,611	293,353
Other current assets	21,493,632	638,825	1,116,005	-	-	23,248,462
Financial assets measured at FVTPL - noncurrent	-	-	20,450	-	-	20,450
Financial assets at cost - noncurrent	-	-	-	10,719	980,233	990,952
Available-for-sale financial assets - noncurrent	-	-	-	30,000	2,753,413	2,783,413
Held-to-maturity financial assets - noncurrent	-	-	-	5,010	203,014	208,024
Investments accounted for using the equity method	-	-	-	-	2,198,695	2,198,695
Others noncurrent assets	-	-	500,000	535,905	3,732,534	4,768,439
Total	$ 154,794,425	$ 29,076,622	$ 45,670,898	$ 3,900,936	$ 10,160,003	$ 243,602,884
Percentage	63.54%	11.94%	18.75%	1.60%	4.17%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2014	Payment Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ 8,498	$ 13,936,795	$ -	$ -	$ -	$ 13,945,293
Commercial papers payable, net	-	9,467,634	-	-	-	9,467,634
Financial liabilities measured at FVTPL - current	3,136,012	1,226,702	7,424,820	1,059,867	30,948	12,878,349
Bonds sold under repurchase agreements	-	53,168,920	90,762	-	-	53,259,682
Payables	46,300,847	935,276	4,403,324	360,784	-	52,000,231
Guarantee deposits - borrowed securities	-	1,835,430	4,083,850	-	-	5,919,280
Futures customers' equity	15,014,996	-	-	-	-	15,014,996
Other current liabilities	393,713	720,725	1,377,357	103	-	2,491,898
Other financial liability - current	-	11,705,447	35,084	-	-	11,740,531
Income tax liability	-	-	87,272	2,448,639	-	2,535,911
Long-term liability matured in one year or the operating cycle	-	-	3,100,000	-	-	3,100,000
Bonds payable	-	-	-	305,100	-	305,100
Liabilities reserve - noncurrent	-	-	-	-	216,844	216,844
Others noncurrent liabilities	-	-	-	1,130	517,422	518,552
Total	$ 64,854,066	$ 92,996,929	$ 20,602,469	$ 4,175,623	$ 765,214	$ 183,394,301
Percentage	35.36%	50.71%	11.23%	2.28%	0.42%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 154,794,425	$ 29,076,622	$ 45,670,898	$ 3,900,936	$ 10,160,003	$ 243,602,884
Cash outflow	64,854,066	92,996,929	20,602,469	4,175,623	765,214	183,394,301
Amount of cash flow gap	$ 89,940,359	$ (63,920,307)	$ 25,068,429	$ (274,687)	$ 9,394,789	$ 60,208,583

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from March 31, 2015, December 31, 2014 and March 31, 2014, show that the sums from deducting cash outflow from cash inflow are $49,225,816 thousand, $49,288,954 thousand and $60,208,583 thousand, respectively, all indicating sufficient fund liquidity.

Due to operational characteristics of securities firms, an observation of fund inflow and outflow in different periods of time shows that current and receivable items contribute to the most of the financial assets of KGI Securities and subsidiaries, taking up to nearly 70.24% of the entire financial assets. This shows that most of these financial assets can be liquidated immediately and therefore have high liquidity. As for financial liabilities, there is no particular period with a high number of due payments which will put stress on fund dispatching.

Although an analysis of funds gap shows that the cash outflow exceeded cash inflow within 3 months period and 1 to 5 years period, the main differentiating factor is that the financial assets of KGI Securities and subsidiaries have high liquidity, which causes financial assets and liabilities to have different impacts during different cash flow periods. On March 31, 2015, December 31, 2014 and March 31, 2014, net cash inflow calculated from net spot financial assets are respectively $85,577,042 thousand, $93,673,366 thousand and $89,940,359 thousand, which are sufficient to cover the net cash outflows of $70,730,447 thousand, $77,758,449 thousand and $64,194,994 thousand from the 3 months and 1-5 years period, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures. KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

<u>KGI Bank and subsidiaries</u>

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments. Liquidity risk is inherent risk in banking operations and can be affected by various industry-specific or overall market events, including but are not limited to credit events, mergers or acquisitions, systemic shocks and natural disasters.

2) Management policy of liquidity risk

KGI Bank carries out its liquidity management procedures respectively and is monitored by their respective independent risk management departments. The procedures include:

a) Daily capital movements: Monitoring future cash flows in order to ensure all requirements are fulfilled.

b) Maintain adequate stock of liquid assets to buffer unexpected events that may interrupt cash flows.

c) Monitor liquidity ratios of balance sheets in accordance with the internal management purposes and external regulatory requirements. The monitoring and reporting procedures are based on the estimation of future 1 month, 1-3 months, 3-6 months, 6-12 months and one-year capital flow. The estimation of future cash flow is based on the contract maturity date of financial liabilities and the estimated collection date of financial assets. KGI Bank monitors the interest rate risk, structure of assets and liabilities, and the liquidity conditions based on the related report and indices in ALCO and set alert and limits or MAT based on the key indices. Related information is regularly provided to the risk management committee and BOD.

3) To manage liquidity risk of financial assets hold and non-derivative financial liabilities maturity analysis

a) To manage liquidity risk of financial assets held

The financial assets include cash and assets that are of highly liquid and high quality for the purpose of paying liabilities and capital movement during emergency. The assets held for managing liquidity risk include cash and cash equivalents, due from the central bank and call loans to banks, financial assets at FVTPL, discounts and loans, available-for-sale financial assets, and held-to-maturity financial assets.

b) Maturity analysis for non-derivative financial liabilities

KGI Bank's non-derivative financial liabilities are based both on the maturing of assets and liabilities, and the corresponding interest rate and controlled gaps that do not match. As the transaction conditions are uncertain and are of different types, the maturity of assets and liabilities usually does not match. This may result in gains or losses. The following table shows the maturity analysis of liquidity based on liabilities.

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the central bank and banks	$ 2,076,411	$ -	$ 80,056	$ 430,224	$ -	$ 2,586,691
Notes and bonds issued under repurchase agreement	2,283,330	-	-	-	-	2,283,330
Payables	705,652	230,493	49,506	189,919	222,657	1,398,227
Deposits and remittances	15,089,769	19,020,263	26,438,462	38,303,614	36,251,294	135,103,402
Other financial liabilities	812	4,764	2,436	578,250	84,809	671,071
Other capital outflow on maturity	92,587	6,175	-	181,095	148,658	428,515
Total	$ 20,248,561	$ 19,261,695	$ 26,570,460	$ 39,683,102	$ 36,707,418	$ 142,471,236

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the central bank and banks	$ 1,856,611	$ 32,752	$ -	$ 460,002	$ -	$ 2,349,365
Notes and bonds issued under repurchase agreement	4,848,420	680,194	-	-	-	5,528,614
Payables	854,198	617,523	53,036	96,447	214,093	1,835,297
Deposits and remittances	13,425,395	23,997,816	24,925,861	39,667,829	35,409,683	137,426,584
Other financial liabilities	801	1,602	2,403	4,806	2,502	12,114
Other capital outflow on maturity	122,224	3,098	60	177,111	146,764	449,257
Total	$ 21,107,649	$ 25,332,985	$ 24,981,360	$ 40,406,195	$ 35,773,042	$ 147,601,231

4) Maturity analysis of derivative financial liabilities

The total of derivative instruments include: Forward contracts, swaps, cross-currency swaps, currency option contracts. The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet. The maturity analysis of the total settlement of derivative financial liabilities is as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities measured at FVTPL						
- cash outflow	$ 576	$ 344	$ 3,738	$ -	$ 8,237	$ 12,895
- cash inflow	-	14	603	-	-	617
Net cash flow	$ (576)	$ (330)	$ (3,135)	$ -	$ (8,237)	$ (12,278)

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities measured at FVTPL						
- cash outflow	$ 98,150	$ -	$ -	$ -	$ -	$ 98,150
- cash inflow	98,119	-	-	-	-	98,119
Net cash flow	$ (31)	$ -	$ -	$ -	$ -	$ (31)

5) Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period. The disclosures in the table below are prepared based on the contractual cash flows. Therefore, the partial accounts illustrated below may not match with the corresponding accounts on the balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Loan commitments	$ 5,703,834	$ 9,867,980	$ 6,394,783	$ 26,716,489	$ 37,291,040	$ 85,974,126
Undrawn letters of credit	34,902	101,570	-	-	-	136,472
Guarantees	100,379	33,803	136,448	181,014	313,909	765,553
Total	$ 5,839,115	$ 10,003,353	$ 6,531,231	$ 26,897,503	$ 37,604,949	$ 86,876,151

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Loan commitments	$ 5,592,811	$ 9,769,436	$ 6,408,454	$ 25,488,534	$ 36,773,606	$ 84,032,841
Undrawn letters of credit	228,244	130,936	3,000	-	-	362,180
Guarantees	270,149	74,695	70,993	227,882	346,587	990,306
Total	$ 6,091,204	$ 9,975,067	$ 6,482,447	$ 25,716,416	$ 37,120,193	$ 85,385,327

6) The maturity analysis of lease agreement

The lease contracts of KGI Bank are operating lease and financial lease. Operating lease commitment is the future minimum rental payment under irrevocable operating lease condition. Financial lease means net future lease payments under finance lease condition.

Lease maturity analysis of contractual commitments is as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease commitments				
Operating lease payment (lessee)	$ 178,078	$ 285,975	$ 6,600	$ 470,653
Operating lease income (lessor)	15,792	52,992	660	69,444
Present value of financial lease payment (lessee)	6,051	3,730	-	9,781

(In Thousands of New Taiwan Dollars)

December 31, 2014	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease commitments				
Operating lease payment (lessee)	$ 174,511	$ 301,580	$ 8,498	$ 484,589
Operating lease income (lessor)	11,292	25,994	1,056	38,342
Present value of financial lease payment (lessee)	7,431	4,683	-	12,114

7) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Main capital inflow on maturity	$ 15,622,241	$ 14,310,062	$ 8,337,849	$ 9,429,088	$ 17,144,375	$ 71,594,569	$ 136,438,184
Main capital outflow on maturity	9,521,144	12,152,823	25,189,022	29,806,330	59,866,047	89,753,074	226,288,440
Gap	6,101,097	2,157,239	(16,851,173)	(20,377,242)	(42,721,672)	(18,158,505)	(89,850,256)

b) Maturity analysis of assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Main capital inflow on maturity	$ 118,537	$ 50,044	$ 41,316	$ 64,491	$ 194,760	$ 469,148
Main capital outflow on maturity	86,464	75,775	52,611	109,117	117,677	441,644
Gap	32,073	(25,731)	(11,295)	(44,626)	77,083	27,504

d. Market risk

<u>CDIB and subsidiaries</u>

1) Source and definition of market risk

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading.

2) Risk management policies

To have a common-language of market risk management, definition, communication and measurement, CDIB has developed “Market Risk Policy” based on Regulations Governing the Capital Adequacy Ratio of Banks and on market risk calculation tables announced by FSC, international standards, and CDFH’s market risk management policy framework.

The “Market Risk Policy” is applicable to “Trading Book” positions defined by the Regulations Governing the Capital Adequacy Ratio of Banks related market risk calculation tables and CDIB’s book management approach to financial instrument handling.

Following the “Market Risk Policy”, CDIB sets up the “Market Risk Management Procedure to Trading Activities” to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

CDIB’s market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through CDIB’s risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

CDIB’s market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of CDIB independently performs daily market risk limit controls, and monthly reports to both the risk management committee and CDFH’s risk management committee. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

CDIB's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions. Market Risk Limits are regularly reviewed and controlled based on the revaluation results.

5) Valuation techniques of market risk

CDIB uses the VaR model and/or stress testing to evaluate the potential and/or extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	March 31, 2015			December 31, 2014			March 31, 2014		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Value at risk of foreign exchange rate	$ 12,135	$ 24,882	$ 3,767	$ 8,322	$ 17,544	$ 1,955	$ 8,575	$ 14,119	$ 4,151
Value at risk of interest rate	94,667	147,893	50,131	65,735	100,306	6,725	11,497	27,574	5,195
Value at risk of equity stocks	13,209	17,082	8,475	15,416	18,764	12,103	9,269	12,990	4,505
Total value at risks	93,474	-	-	69,064	-	-	18,192	-	-

6) Interest risk management of banking book

The interest rate risk management strategy involving CDIB's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors CDIB's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

7) Foreign currency rate risk information

The financial assets and liabilities denominated in foreign currency and with material influence on the Bank and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 5,418,492	31.401	$ 170,146,057
RMB	2,330,241	5.061	11,793,351
EUR	30,672	33.761	1,035,531
HKD	249,401	4.049	1,009,899
JPY	2,350,639	0.261	614,222
AUD	14,031	23.898	335,322
KRW	6,035,495	0.028	170,811
Nonmonetary items			
USD	98,200	31.401	3,083,578
HKD	385,698	4.049	1,561,806
RMB	136,920	5.061	692,954
Investment accounted for using equity method			
USD	51,527	31.401	1,618,006
RMB	136,407	5.061	690,358
Financial liabilities			
Monetary items			
USD	6,057,410	31.401	190,208,724
RMB	1,054,894	5.061	5,338,818
EUR	17,875	33.761	603,474
JPY	1,965,557	0.261	513,600
NZD	18,286	23.458	428,946
AUD	12,112	23.898	289,453
KRW	6,644,616	0.028	188,049

	December 31, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 4,544,196	31.718	$ 144,132,798
RMB	2,245,478	5.103	11,459,573
HKD	280,055	4.090	1,145,342
EUR	21,178	38.550	816,398
AUD	12,695	25.960	329,557
JPY	1,171,895	0.265	310,786
KRW	6,202,560	0.029	180,339

(Continued)

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
HKD	$ 446,456	4.090	$ 1,825,869
RMB	20,364	5.103	103,918
Investment accounted for using equity method			
USD	65,701	31.718	2,083,897
RMB	137,655	5.103	702,508
Financial liabilities			
Monetary items			
USD	3,253,265	31.718	103,187,055
RMB	1,597,356	5.103	8,151,944
NZD	17,638	24.853	438,346
EUR	9,844	38.550	379,477
AUD	10,141	25.960	263,250
JPY	920,698	0.265	244,169
KRW	5,504,389	0.029	160,040
ZAR	37,845	2.740	103,687

(Concluded)

	March 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,140,895	30.51	$ 156,848,692
RMB	6,896,744	4.907	33,840,944
HKD	372,598	3.933	1,465,429
JPY	1,498,263	0.296	443,786
EUR	8,877	41.976	372,635
AUD	12,590	28.17	354,658
KRW	11,693,050	0.029	335,018
NZD	6,522	26.419	172,311
Nonmonetary items			
HKD	403,592	3.933	1,587,328
Financial liabilities			
Monetary items			
USD	3,810,103	30.51	116,246,258
RMB	1,976,614	4.907	9,698,848
NZD	20,205	26.419	533,806
EUR	10,460	41.976	439,071
AUD	10,309	28.17	290,398
JPY	964,558	0.296	285,702
KRW	6,794,540	0.029	194,670
ZAR	36,229	2.881	104,358

8) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

Analysis of Interest Rate-Sensitive Assets and Liabilities
March 31, 2015

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 107,882,978	$ 6,985,793	$ 305,100	$ 84,359,269	$ 199,533,140
Interest rate-sensitive liabilities	53,713,577	42,242,195	3,107,825	3,822,321	102,885,918
Interest rate sensitivity gap	54,169,401	(35,256,402)	(2,802,725)	80,536,948	96,647,222
Net worth					114,071,475
Ratio of interest rate-sensitive assets to liabilities (%)					194
Ratio of interest rate-sensitive gap to net worth (%)					85

Analysis of Interest Rate-Sensitive Assets and Liabilities
March 31, 2014

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 89,855,478	$ 8,180,757	$ 280,000	$ 45,468,719	$ 143,784,954
Interest rate-sensitive liabilities	82,983,709	45,573,456	17,495,825	4,835,051	150,888,041
Interest rate sensitivity gap	6,871,769	(37,392,699)	(17,215,825)	40,633,668	(7,103,087)
Net worth					116,795,822
Ratio of interest rate-sensitive assets to liabilities (%)					95
Ratio of interest rate-sensitive gap to net worth (%)					(6)

Note 1: The above amounts included only New Taiwan dollar amounts held in the domestic and overseas branches (i.e., excluding foreign currencies).

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities are in New Taiwan dollars).

b) Analysis of interest rate-sensitive assets and liabilities (U.S. dollars)

Analysis of Interest Rate-Sensitive Assets and Liabilities
March 31, 2015

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,781,397	$ 663,560	$ 393,946	$ 2,040,694	$ 4,879,597
Interest rate-sensitive liabilities	5,044,751	413,051	101,148	102,195	5,661,145
Interest rate sensitivity gap	(3,263,354)	250,509	292,798	1,938,499	(781,548)
Net worth					26,702
Ratio of interest rate-sensitive assets to liabilities (%)					86
Ratio of interest rate-sensitive gap to net worth (%)					(2,927)

Analysis of Interest Rate-Sensitive Assets and Liabilities
March 31, 2014

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,684,309	$ 178,641	$ 131,779	$ 2,001,470	$ 4,996,199
Interest rate-sensitive liabilities	2,948,929	352,608	93,723	1,094	3,396,354
Interest rate sensitivity gap	(264,620)	(173,967)	38,056	2,000,376	1,599,845
Net worth					24,845
Ratio of interest rate-sensitive assets to liabilities (%)					147
Ratio of interest rate-sensitive gap to net worth (%)					6,439

Note 1: The above amounts included only U.S. dollar amounts held in the domestic and overseas branches and OBU (i.e., excluding contingency assets and liabilities).

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities are in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential economic value reduction for securities or financial contracts that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates. KGI Securities and subsidiaries utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities also holds regular stress test to help the management understand the extent to which KGI Securities can handle stress in this dire economic environment.

1) Risk factor sensitivity

   Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

   a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.

   b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%).

   c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	March 31, 2015	December 31, 2014	March 31, 2014
Interest rate risk	$ 8,377	$ 9,004	$ 4,646
Equity securities risk	17,122,184	15,841,025	16,948,012
Exchange rate risk	1,096,776	1,245,900	35

2) Risk value

Risk value ("VAR") is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct back testing daily to ensure the reliability of the estimations made by the risk value model.

The comparison of risk value in the portfolio held by KGI Securities and subsidiaries are as follows:

	For the Three Months Ended March 31, 2015			March 31, 2015
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 240,742	$ 180,136	$ 327,990	$ 211,599
Interest rate	75,164	45,807	120,445	77,837
Exchange rate	7,274	3,901	16,892	10,864

	For the Three Months Ended March 31, 2014			March 31, 2014
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 243,142	$ 166,771	$ 288,514	$ 260,237
Interest rate	52,399	41,399	68,590	49,997
Exchange rate	29	1	116	85

3) Stress test

Stress test mainly examines the effects of extreme changes in market risk factors in an investment portfolio. It can serve as an assistive tool in monitoring and controlling of VAR. Since VAR is only an estimated value under certain statistical assumptions, it only reflects possible losses under normal market situations especially since it does not take into considerations the liquidity of an investment portfolio. Stress test can help a company's management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are sensitivity test and scenario analysis. Scenario analysis includes historic and hypothetical scenario analysis.

a) Sensitivity test

For certain risk factors in an investment portfolio, this test analyzes possible changes of profit/loss in exposure under given changes.

b) Scenario analysis

i. Historic scenario analysis: Using incidents that strongly impacted the market before such as Lehman Brothers in 2008 and subprime mortgage crisis in 2007, and this analysis applies the continuous changes of the risk factors of these incidents to the current market and portfolios and analyze how the profit/loss changes accordingly.

ii. Hypothetical scenarios analysis

i) This analysis utilizes pressure scenarios defined by Derivative Policy Group. Test items include yield curve horizontal shift, yield curve twist, yield curve horizontal shift and twist, changes in stock index and changes in exchange rates in major countries.

ii) Expected incidents: considering the economic and political developments inside and outside Taiwan and referring to similar experience from the past, this analysis predicts all kinds of possible impacts to the market when a certain incident takes place in the future and examines the possible changes to the profit/loss of KGI Securities' holding position. For example, the increasing possibility of war due to the rising intensity in Middle East may lead to the booming price of energy such as crude oil. Meanwhile, the global financial market would have greater fluctuation, resulting in expected inflation. Therefore, anticipate the potential policy adopted by Central Bank to determine the effect of series events on the risk factor of holding position, and further analyze the possible exposure.

Results of stress test based on the change of sensitivity as follows:

			Loss		
Risk Factor	**Risk Indicators**	**Changes**	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**
Interest exposures	Yield curve	+ 50 bps	$ (418,831)	$ (450,117)	$ (282,819)
Equity exposures	Equity index	- 25%	(4,280,546)	(3,960,256)	(4,603,628)
Exchange rate exposures	Exchange rate to USD	- 7%	(76,774)	(87,213)	(3)

4) Foreign currency exchange rate financial assets and liabilities information

(In Thousands of Foreign Currencies New Taiwan Dollars)

	March 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 2,889,305	31.39	$ 90,706,635
HKD	38,919	4.04	157,417
GBP	491	46.30	22,715
JPY	227,769	0.26	72,344
EUR	1,418	33.70	47,780
RMB	461,896	5.06	2,337,654
AUD	211	23.90	5,052

(Continued)

	March 31, 2015			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
USD	$ 837,264	31.40	$ 26,290,918
HKD	105,046	4.05	425,363
RMB	1,192,502	5.06	6,035,253
AUD	2,999	23.90	71,672
JPY	25,219	0.26	6,590
Investments accounted for using the equity method			
USD	72,488	31.40	2,276,186
Financial liabilities			
Monetary items			
USD	4,159,550	31.40	130,591,462
HKD	14,205	4.04	57,346
GBP	242	46.24	11,200
JPY	322,194	0.26	83,899
EUR	774	33.65	26,034
RMB	1,064,893	5.06	5,389,423
Nonmonetary items			
USD	188,415	31.40	5,916,408
RMB	194,793	5.06	985,849
AUD	2,999	23.90	71,672
JPY	24,882	0.26	6,502

(Concluded)

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 1,707,274	31.72	$ 54,144,135
HKD	138,252	4.09	565,282
GBP	131	49.32	6,460
JPY	339,254	0.26	89,772
EUR	831	38.53	32,006
RMB	865,261	5.10	4,415,774
AUD	486	25.96	12,620
Nonmonetary items			
USD	1,079,037	31.72	34,224,909
HKD	144,710	4.09	591,822
RMB	1,346,593	5.10	6,872,202
AUD	458	25.96	11,902
Investments accounted for using the equity method			
USD	69,872	31.72	2,216,211

(Continued)

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 3,265,209	31.72	$ 103,558,649
HKD	28,071	4.09	114,674
GBP	63	49.27	3,100
JPY	328,501	0.26	86,921
EUR	184	38.47	7,066
RMB	1,068,724	5.10	5,454,127
Nonmonetary items			
USD	314,816	31.72	9,985,342
HKD	34,360	4.09	140,522
RMB	158,675	5.10	809,782
AUD	458	25.96	11,902

(Concluded)

	March 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 2,823,581	30.51	$ 86,144,021
HKD	37,198	3.93	146,189
GBP	545	50.72	27,639
JPY	570,292	0.30	168,647
RMB	806,251	4.90	3,954,098
Nonmonetary items			
USD	279,132	30.51	8,516,324
HKD	55,940	3.93	220,013
RMB	160,481	4.90	787,450
Investments accounted for using the equity method			
USD	71,881	30.51	2,193,084
Financial liabilities			
Monetary items			
USD	2,928,720	30.51	89,351,781
HKD	24,475	3.93	96,149
GBP	492	50.71	24,971
JPY	552,870	0.30	163,650
EUR	263	41.97	11,048
RMB	39,106	4.90	191,789
Nonmonetary items			
USD	133,969	30.51	4,087,388
RMB	25,227	4.90	123,782

KGI Bank and subsidiaries

Market risk is the possible losses due to adverse changes in market price (for instance interest rates, exchange rates and changes in stock price) that have a knock on effect on the value of asset, liabilities and off balance sheet positions The scope of market risk includes all financial commodities that involve market risk in banking book and trading book. Market risk is distinguished into banking and trading book, and then classified into 3 main risk factors: Interest rate, equity securities and exchange rates.

The main risk factors are the market prices of equity securities, interest rate and exchange rate risks. Equity securities mainly include domestic publicly traded stocks, domestic stock index options and stock index futures; interest rate risk mainly includes bonds and interest rate futures; exchange rate risks mainly include spot/future trading and foreign bonds.

Market risk management report includes measurement index for risk fluctuations in trading and banking book such as principal, fair value, sensitivity index and VAR. Its individual management structure is as follows:

1) Trading book risk

KGI Bank builds VaR system to measure and monitor the effect of trading book held by KGI Bank as a result of market price fluctuation the scope of trading book includes financial instruments measured at fair value through profit or loss or financial instruments held for risk hedging, where such financial instruments should not be restricted by contract terms or are able to hedge all risks.

KGI Bank monitors profit or loss on investment positions by mark-to-market valuation, considering the investment strategies, performance measurement and investment positioning. KGI Bank evaluates the market risk of financial instruments using daily value at risk (VaR). VaR is the potential loss in market value of financial instruments held by KGI Bank within a certain confidence interval for a specified period. For the three months ended March 31, 2015 and 2014, the VaR of is shown in the table below. VaR of government bonds, corporate bonds, shares of listed companies, and exchange rate instruments held by KGI Bank is shown in the table below. KGI Bank made an assumption that, if there is a 99% level of confidence, there is only a 1% chance that KGI Bank will incur a loss on its financial instruments within a day. In addition, based on VaR assumptions, there are only 2 out of 200 days when KGI Bank could face losses on its financial instruments. The average, highest and lowest amounts of the fluctuation of the interest rates or stock prices that were calculated at the daily VaR of the reporting date of the financial statements

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31, 2015			For the Year Ended 2014		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Price risk of interest rate instruments	$ -	$ -	$ -	$ 344	$ 3,506	$ -
Price risk of equity instruments (includes hedged position)	6,338	8,511	4,977	5,254	12,926	1,627
Price risk of exchange rate instruments	724	1,684	197	1,466	7,868	12

2) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

3) Interest rate sensitivity analysis

KGI Bank is engaged in investment in interest rate instruments, including domestic and overseas bonds. Assuming the market interest rate increases 0.01% at the reporting date, the sensitivity analysis of changes in fair value is shown below:

	March 31, 2015		
	Principal Amount	**Average Duration (Years)**	**Effect on Fair Value Per Variation of 0.01%**
Currency			
New Taiwan dollars	$ 8,214,915	4.60	$ 3,917

	December 31, 2014		
	Principal Amount	**Average Duration (Years)**	**Effect on Fair Value Per Variation of 0.01%**
Currency			
New Taiwan dollars	$ 10,121,379	4.34	$ 4,384

4) Stress testing on market risk

Stress testing is the possible impacts on profit or loss of investment portfolio when the market price is in extreme cases. The market risk factors adopted by KGI Bank include trading book and banking book held by KGI Bank. The table below illustrates the sensitivity analysis of currency risk, interest risk and equity securities price risk, assuming all other variables remain constant.

March 31, 2015			
Main Risk	**Sensitivity to Change**	**Equity**	**Profit (Loss)**
Currency risk	USD/NTD, EUR/NTD increase 3%, other currency/NTD decrease 5%	$ -	$ 9,230
	USD/NTD, EUR/NTD decrease 3%, other currency/NTD increase 5%	-	(9,230)
Interest risk	Yield curve increase 100BPS	(370,930)	-
	Yield curve decrease 100BPS	398,660	-
Equity securities price risk	Price of equity securities increase 15%	-	56,972
	Price of equity securities decrease 15%	-	(56,972)

December 31, 2014			
Main Risk	**Sensitivity to Change**	**Equity**	**Profit (Loss)**
Currency risk	USD/NTD, EUR/NTD increase 3%, other currency/NTD decrease 5%	$ -	$ 270
	USD/NTD, EUR/NTD decrease 3%, other currency/NTD increase 5%	-	(270)
Interest risk	Yield curve increase 100BPS	(434,278)	-
	Yield curve decrease 100BPS	466,314	-
Equity securities price risk	Price of equity securities increase 15%	-	48,882
	Price of equity securities decrease 15%	-	(48,882)

5) Concentration of currency risk information

The financial assets and liabilities denominated in foreign currency and with material influence on KGI Bank and subsidiaries were as follows:

(In Thousands of New Taiwan Dollars/Foreign Currencies)

	March 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 434,158	31.40	$ 13,632,988
RMB	1,319,301	5.06	6,676,984
ZAR	290,142	2.57	746,942
AUD	17,463	23.90	417,331
JPY	876,076	0.26	228,919
Financial liabilities			
Monetary items			
USD	393,806	31.40	12,365,910
RMB	1,315,767	5.06	6,659,094
ZAR	291,046	2.57	749,269
AUD	17,476	23.90	417,650
JPY	888,913	0.26	232,273

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	$ 437,070	31.72	$ 13,862,985
RMB	1,663,010	5.10	8,487,005
ZAR	238,781	2.74	654,213
AUD	13,812	25.96	358,569
JPY	859,866	0.27	228,036
<u>Financial liabilities</u>			
Monetary items			
USD	402,089	31.72	12,753,461
RMB	1,658,465	5.10	8,463,812
ZAR	239,106	2.74	655,103
AUD	13,747	25.96	356,883
JPY	859,402	0.27	227,913

6) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

March 31, 2015

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 113,082,185	$ 518,915	$ 639,569	$ 8,747,830	$ 122,988,499
Interest rate-sensitive liabilities	33,584,357	56,790,011	22,788,574	4,992,914	118,155,856
Interest rate sensitivity gap	79,497,828	(56,271,096)	(22,149,005)	3,754,916	4,832,643
Net worth					19,393,702
Ratio of interest rate-sensitive assets to liabilities (%)					104.09
Ratio of interest rate-sensitive gap to net worth (%)					24.92

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

b) Analysis of interest rate-sensitive assets and liabilities (U.S. dollars)

March 31, 2015

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 302,373	$ 29,423	$ 3,000	$ 39,780	$ 374,576
Interest rate-sensitive liabilities	116,981	186,613	85,558	78	389,230
Interest rate sensitivity gap	185,392	(157,190)	(82,558)	39,702	(14,654)
Net worth					4,103
Ratio of interest rate-sensitive assets to liabilities (%)					96.24
Ratio of interest rate-sensitive gap to net worth (%)					(357.15)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

e. Transfers of financial assets

CDIB and subsidiaries

Among daily operations of CDIB, transactions of transferred financial assets not qualifying for full derecognition are securities sold under repurchase agreements. Such transactions are liable to bear an obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be sold or pledged for the duration of the transaction. CDIB does not derecognize it entirely because CDIB remains exposed to interest rate risk and credit risk on these pledged instruments. Related information of financial assets and liabilities not qualifying for full derecognition are as follows:

March 31, 2015					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Securities sold under repurchase agreements					
Financial assets at FVTPL	$ 32,036,206	$ 28,624,525	$ 32,036,206	$ 28,624,525	$ 3,411,681
Available-for-sale financial assets	41,876,498	34,385,069	41,876,498	34,385,069	7,491,332

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries (KGI Securities), most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities and subsidiaries only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities does not derecognize it entirely because KGI Securities remains exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition are listed below:

March 31, 2015					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	$ 57,644,700	$ 57,506,658	$ 57,644,700	$ 57,506,658	$ 138,042
Transaction- borrowed securities	306,038	428,454	306,038	428,454	(122,416)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, meanwhile acquire the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognized them since counterparties have the ability to sell financial assets to third party and no restrictions will be made when counterparties differs. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments. Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

March 31, 2015					
Types of Continuing Involvement	Outflows of Repurchased Transferred Financial Assets (Derecognized)	Financial Assets at FVTPL	Fair Value of Continuing Involvement		Maximum of Loss Exposure
			Assets	Liabilities	
Call option	$ 11,294,800	$ 876,508	$ 876,508	$ -	$ 876,508

The following table is repurchased transferred financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

March 31, 2015						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ -	$ 840,000	$ 2,295,400	$ 8,159,400	$ -	$ 11,294,800

The following table shows gains or losses recognized from continuing involvement- call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

March 31, 2015			
Types of Continuing Involvement	**Gains Or Losses Recognized at Balance Sheet Day**	**Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet**	**Revenues or Expenses Recognized During the Period**
Call option	$ (92,735)	$ 56,788	$ (35,947)

KGI Bank and subsidiaries

Among daily operations of KGI Bank and subsidiaries (KGI Bank), most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition are listed below:

March 31, 2015					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Available-for-sale financial assets					
Repurchase agreement	$ 2,292,239	$ 2,283,330	$ 2,292,239	$ 2,283,330	$ 8,909

f. Offsetting financial assets and financial liabilities

CDIB and subsidiaries

CDIB has no transactions of financial instruments that correspond to the provisions of IAS 32-42, but there are enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities are as follows:

March 31, 2015						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Derivative financial instruments	$ 12,203,734	$ -	$ 12,203,734	$ 5,556,094	$ 253,841	$ 6,393,799
Securities purchased under resell agreements	16,369,914	-	16,369,914	16,369,914	-	-
Total	$ 28,573,648	$ -	$ 28,573,648	$ 21,926,008	$ 253,841	$ 6,393,799

March 31, 2015						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Derivative financial instruments	$ 14,389,355	$ -	$ 14,389,355	$ 5,556,094	$ 3,083,281	$ 5,749,980
Securities sold under repurchase agreements	64,715,924	-	64,715,924	64,715,924	-	-
Total	$ 79,105,279	$ -	$ 79,105,279	$ 70,272,018	$ 3,083,281	$ 5,749,980

December 31, 2014						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Derivative financial instruments	$ 22,073,934	$ -	$ 22,073,934	$ 6,649,308	$ 141,921	$ 15,282,705
Securities purchased under resell agreements	23,414,342	-	23,414,342	23,414,342	-	-
Total	$ 45,488,276	$ -	$ 45,488,276	$ 30,063,650	$ 141,921	$ 15,282,705

December 31, 2014						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Derivative financial instruments	$ 23,279,859	$ -	$ 23,279,859	$ 6,649,308	$ 5,884,374	$ 10,746,177
Securities sold under repurchase agreements	63,299,830	-	63,299,830	63,299,830	-	-
Total	$ 86,579,689	$ -	$ 86,579,689	$ 69,949,138	$ 5,884,374	$ 10,746,177

March 31, 2014						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Derivative financial instruments	$ 9,288,718	$ -	$ 9,288,718	$ 4,230,917	$ 136,426	$ 4,921,375
Securities purchased under resell agreements	10,585,322	-	10,585,322	10,585,322	-	-
Total	$ 19,874,040	$ -	$ 19,874,040	$ 14,816,239	$ 136,426	$ 4,921,375

March 31, 2014						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Derivative financial instruments	$ 10,951,595	$ -	$ 10,951,595	$ 4,230,917	$ 1,374,978	$ 5,345,700
Securities sold under repurchase agreements	74,372,080	-	74,372,080	74,372,080	-	-
Total	$ 85,323,675	$ -	$ 85,323,675	$ 78,602,997	$ 1,374,978	$ 5,345,700

Note: Financial instruments include master netting arrangements and non-cash collateral.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' (KGI Securities) transactions of derivative assets and liabilities do not correspond to the provisions of IAS 32-42, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities has signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities to provide securities as collateral, meanwhile KGI Securities signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS 32-42 and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities are as follows:

March 31, 2015						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 1,895,210	$ -	$ 1,895,210	$ -	$ 98,844	$ 1,796,366
Securities purchased under resell agreements	13,384,514	-	13,384,514	13,384,514	-	-
Total	$ 15,279,724	$ -	$ 15,279,724	$ 13,384,514	$ 98,844	$ 1,796,366

March 31, 2015						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 2,988,719	$ -	$ 2,988,719	$ -	$ 599,383	$ 2,429,336
Securities sold under repurchase agreements	57,506,658	-	57,506,658	57,506,658	-	-
Total	$ 60,495,377	$ -	$ 60,495,377	$ 57,506,658	$ 599,383	$ 2,429,336

December 31, 2014						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 1,759,443	$ -	$ 1,759,443	$ -	$ 10,181	$ 1,749,262
Securities purchased under resell agreements	9,457,201	-	9,457,201	9,457,201	-	-
Total	$ 11,216,644	$ -	$ 11,216,644	$ 9,457,201	$ 10,181	$ 1,749,262

December 31, 2014						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 3,701,786	$ -	$ 3,701,786	$ -	$ 856,449	$ 2,845,337
Securities sold under repurchase agreements	63,998,162	-	63,998,162	63,998,162	-	-
Total	$ 67,699,948	$ -	$ 67,699,948	$ 63,998,162	$ 856,449	$ 2,845,337

March 31, 2014						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 968,049	$ -	$ 968,049	$ -	$ 28,889	$ 939,160
Securities purchased under resell agreements	9,724,445	-	9,724,445	9,724,445	-	-
Total	$ 10,692,494	$ -	$ 10,692,494	$ 9,724,445	$ 28,889	$ 939,160

March 31, 2014						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 4,345,121	$ -	$ 4,345,121	$ -	$ 598,305	$ 3,746,816
Securities sold under repurchase agreements	53,171,532	-	53,171,532	53,171,532	-	-
Total	$ 57,516,653	$ -	$ 57,516,653	$ 53,171,532	$ 598,305	$ 3,746,816

Note: Financial instruments include master netting arrangements and non-cash collateral.

KGI Bank and subsidiaries

KGI Bank and subsidiaries has no transactions of financial instruments that correspond to the provisions of IAS 32-42, but there are enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities are as follows:

March 31, 2015						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
				Amounts not Offset in the Balance Sheet		
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Securities sold under repurchase agreements	$ 2,283,330	$ -	$ 2,283,330	$ 2,283,330	$ -	$ -

December 31, 2014						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
				Amounts not Offset in the Balance Sheet		
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Financial Instruments (Note)**	**Cash Collateral Received**	**Net Amount (e)=(c)-(d)**
Securities sold under repurchase agreements	$ 5,528,614	$ -	$ 5,528,614	$ 5,528,614	$ -	$ -

Note: Financial instruments include master netting arrangements and non-cash collateral.

59. CAPITAL MANAGEMENT

<u>CDIB and subsidiaries</u>

a. Objectives

CDIB's eligible capital should be higher than statutorily required capital and should meet the authorities' minimum requirements for capital adequacy ratio. This is the fundamental principle of capital management.

Capital is needed to cover any future losses. Capital management is the main tool of financial institutions to developing business and risk strategies. To effectively manage CDIB's capital as well as meet the regulatory authorities' minimum requirements, CDIB follows the principle ''Capital bears risk as well as requires compensation'', thus, under an effective capital management framework, CDIB balances risk control and business development and achieves the business objective of maximizing stockholder value.

b. Capital management procedures

CDIB had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital is calculated according with the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

KGI Securities and subsidiaries

The main objective of KGI Securities and subsidiaries in capital management is to maintain a healthy credit rating and capital ratio to support the Corporation's operation and maximize shareholders' interests. KGI Securities and subsidiaries will manage and adjust the capital structure based on the economic situation, possibly by adjusting dividends, returning capital or issuing new shares.

KGI Bank and subsidiaries

a. Objectives

The calculation of self-owned capital should be conducted according to the regulations of the authorities. The basic management objective includes sufficient capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite.

In order to undertake all kinds of risk, KGI Bank conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

KGI Bank's internal capital requires an assessment framework, which is based on the risk assessment, and it is classified into three pillars. The first pillar deals with maintenance of regulatory capital, where the capital provided should comply with the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks". The second pillar includes risk assessments not covered in the first pillar (such as interest rate risk in KGI Banking book, liquidity risk, and other risks) The third pillars is external risk information, which assesses the capital requirement based on the operating environment and legislative change with regard to the principle of materiality.

The monitoring and control of KGI Bank's capital adequacy include planning in advance and analysis, review and information disclosures there after Planning in advance involve financial planning for operating budget, risk appetite and capital available under restrictions approved by KGI Bank, consideration of the financial target, market conditions and risks and returns. KGI Bank conducts assessment on risky assets and internal capital based on KGI Bank's asset portfolio and the operation plan in a year time. Following, analyses are conducted and the capital adequacy ratio of first pillar is calculated on a regular basis. The capital adequacy and risk management report are reported. The information are declared and disclosed as required.

60. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

a. The balance sheets and income statements of the trust accounts and trust property accounts of CDIB were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	March 31, 2015	December 31, 2014	March 31, 2014	Trust Liabilities	March 31, 2015	December 31, 2014	March 31, 2014
Bank deposits	$ 659,538	$ 585,031	$ 554,268	Payables	$ 143	$ 2,210	$ 389
Financial assets at FATPL	4,601,599	5,076,358	5,155,983	Other liabilities	1,280,000	1,280,000	-
				Trust capital	6,206,201	6,500,406	8,434,936
Financial assets measured at cost	1,400,000	1,400,000	1,400,000	Reversal and cumulative deficit			
Real estate, net	797,943	797,943	1,164,659	Accumulated deficit	1,100,614	1,156,851	1,156,830
Other assets	1,136,292	1,117,998	1,333,919	Appropriation of income	(107,365)	(100,391)	(36,175)
				Net income	115,779	138,254	52,849
				Total capital surplus and related earnings	1,109,028	1,194,714	1,173,504
Total	$ 8,595,372	$ 8,977,330	$ 9,608,829	Total	$ 8,595,372	$ 8,977,330	$ 9,608,829

Income Statements of Trust Accounts
For the Three Months Ended March 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

	2015	2014
Trust income and gains		
Gain on financial assets at FATPL, net	$ 123,710	$ 48,255
Interest income	7,750	7,946
Rental income	812	2,797
Total trust income and gains	132,272	58,998
Trust expenses		
Interest expense	16,320	-
Trust administrative expense	149	2,080
Professional services	-	2,000
Other expenses	24	2,069
Total trust expenses	16,493	6,149
Net income before income tax	$ 115,779	$ 52,849

The above income from trust operations were excluded from CDIB’s income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	March 31, 2015	December 31, 2014	March 31, 2014
Bank deposits	$ 659,538	$ 585,031	$ 554,268
Financial assets at FVTPL	4,601,599	5,076,358	5,155,983
Financial assets measured at cost	1,400,000	1,400,000	1,400,000
Real estate, net	797,943	797,943	1,164,659
Payments for others	1,135,042	1,115,230	-
Other assets	1,250	2,768	1,333,919
	$ 8,595,372	$ 8,977,330	$ 9,608,829

b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	March 31, 2015	December 31, 2014	March 31, 2014	Trust Liabilities	March 31, 2015	December 31, 2014	March 31, 2014
Bank deposits	$ 991,307	$ 819,113	$ 586,204	Payables	$ 64,564	$ 19,781	$ 32,754
Financial assets	18,033,969	18,687,157	14,355,343	Trust capital	17,556,104	18,177,476	14,172,879
Receivables	92,949	34,370	43,896	Reserves and retained earnings	1,497,557	1,343,383	779,810
Total	$ 19,118,225	$ 19,540,640	$ 14,985,443	Total	$ 19,118,225	$ 19,540,640	$ 14,985,443

Income Statements of Trust Accounts
For the Three Months Ended March 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

	2015	2014
Trust income	$ 1,791,000	$ 1,094,122
Trust expenses	(928,842)	(629,620)
Income before income tax	$ 862,158	$ 464,502

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	March 31, 2015	December 31, 2014	March 31, 2014
Bank deposits	$ 991,307	$ 819,113	$ 586,204
Stocks	9,011,679	9,769,102	6,142,210
Funds	5,888,411	5,768,699	5,019,252
Lending securities	2,944,090	3,049,388	3,169,222
Structured notes	189,789	99,968	24,659
Receivables	92,949	34,370	43,896
Total	$ 19,118,225	$ 19,540,640	$ 14,985,443

c. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2015**	**December 31, 2014**	**Liabilities and Equity**	**March 31, 2015**	**December 31, 2014**
Bank deposits	$ 220,328	$ 184,143	Payables		
Short-term investment	34,981,934	35,482,654	Accrued expenses	$ 2,706	$ 2,297
Receivables			Accrued project encumbrance	510	510
Notes receivable	70,432	-	Rent payable	380	-
Other receivables	121	132	Business tax payable	-	235
Intangible assets			Other payables	179,141	152,199
Surface rights	984,534	984,534	Sales tax payable	1,684	-
Other assets			Unearned receipts		
Temporary payments	1,347	-	Unearned rent	70,432	-
Rental property - buildings	-	453	Other unearned revenue	345	215
Investment property - buildings	110	-	Temporary receipts	-	188
			Receipts under custody		
			Property tax	-	-
			Income tax	4	-
			Land rent	1,071	-
			Guarantee deposits receivables	-	338
			Other liabilities	3,838	3,000
			Trust capital		
			Money trust	34,981,934	35,482,654
			Surface right trust	984,534	984,534
			Accumulated earnings	32,227	25,746
Total	$ 36,258,806	$ 36,651,916	Total	$ 36,258,806	$ 36,651,916

Income Statements of Trust Accounts
For the Three Months Ended March 31, 2015

(In Thousands of New Taiwan Dollars)

	2015
Trust income and gains	
Profit income	$ 189
Interest income	398,650
Rental income	7,064
Others income	581
Total trust income and gains	406,484
Property transactions gain or loss	(157,922)
Trust expenses	
Administrative expenses	6,955
Operating costs	1,021
Sales expenses	-
Operating expenses Taxed	138
Total trust expenses	8,114
Net income	$ 240,448

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	**March 31, 2015**	**December 31, 2014**
Bank deposits	$ 220,328	$ 184,143
Short-term investments		
Funds	33,877,467	34,503,272
Bonds	723,969	574,247
Common shares	83,400	86,120
Structured notes	247,973	286,689
ETF	49,125	32,326
Receivables	70,553	132
Intangible assets		
Surface right	984,534	984,534
Other assets	1,457	453
Total	$ 36,258,806	$ 36,651,916

d. Trust business operations under the Trust Enterprises Act: Please refer to Note 1 to the consolidated financial statements.

61. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please refer to Table 7 (attached).

62. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF THE CORPORATION AND ITS SUBSIDIARIES

Please refer to Table 8 (attached).

63. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCE SHARING BETWEEN THE CORPORATION AND SUBSIDIARIES

For the resource sharing between the Corporation and subsidiaries, please refer to Note 51 to the consolidated financial statements.

64. CONTINGENCIES AND COMMITMENT, DISASTROUS DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 53 to the consolidated financial statements. Information on disaster damages: None.

65. SUBSIDIARIES' ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 56 and 58 to the consolidated financial statements.

66. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

67. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARY

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule		March 31, 2015		December 31, 2014		March 31, 2014			Meet
No.	Formula	Formula	%	Formula	%	Formula	%	Standard	Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,354,746 / $451,348	=3.00	$1,011,350 / $466,132	=2.17	$1,045,742 / $124,226	=8.42	≧1	Yes
17	Current assets / Current liabilities	$1,758,929 / $176,974	=9.94	$1,434,251 / $143,281	=10.01	$1,135,203 / $19,282	=58.88	≧1	Yes
22	Equities / Capital stock	$1,354,746 / $400,000	=338.69%	$1,011,350 / $400,000	=252.84%	$1,045,742 / $400,000	=261.44%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$907,267 / $436,928	=207.65%	$658,514 / $463,206	=142.16%	$932,340 / $159,198	=585.65%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule		March 31, 2015		December 31, 2014		March 31, 2014			Meet
No.	Formula	Formula	%	Formula	%	Formula	%	Standard	Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,404,763 / $174,280	=13.80	$2,330,514 / $203,524	=11.45	$2,210,385 / $179,932	=12.28	≧1	Yes
17	Current assets / Current liabilities	$18,551,219 / $16,744,871	=1.11	$13,763,599 / $12,063,412	=1.14	$13,166,655 / $11,549,907	=1.14	≧1	Yes
22	Equities / Capital stock	$2,404,763 / $760,000	=316.42%	$2,330,514 / $760,000	=306.65%	$2,210,385 / 760,000	=290.84%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$2,014,059 / $3,747,668	=53.74%	$1,978,098 / $2,310,489	=85.61%	$1,789,207 / $2,846,875	=62.85%	≧20% ≧15%	Yes

68. ACCOUNT RECLASSIFICATION

CDIB's subsidiaries and KGI Securities and its subsidiaries did not intend to sell the following financial assets held for trading within the short term because of economic instability and deterioration of the world's financial markets in 2008. Thus, under the newly amended Statement of Financial Accounting Standards No. 34 - "Financial Instruments: Recognition and Measurement," CDIB's subsidiaries and KGI Securities and its subsidiaries reclassified its financial assets held-for-trading financial assets to available-for-sale financial assets. The fair values at the reclassification date were as follows:

	Before Reclassification	After Reclassification
CDIB and subsidiaries		
Financial assets at FVTPL - held for trading	$ 704,152	$ -
Available-for-sale financial assets	-	704,152
	$ 704,152	$ 704,152
KGI Securities and subsidiaries		
Financial assets at FVTPL - held for trading	$ 3,831,236	$ -
Available-for-sale financial assets	-	3,831,236
	$ 3,831,236	$ 3,831,236

The carrying amounts and fair values of the reclassified financial assets as of March 31, 2015, December 31, 2014 and March 31, 2014 were as follows:

	March 31, 2015		December 31, 2014		March 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
CDIB and subsidiaries						
Available-for-sale financial assets	$ -	$ -	$ -	$ -	$ 218,504	$ 218,504
KGI Securities and subsidiaries						
Available-for-sale financial assets	4,663,175	4,663,175	4,448,814	4,448,814	4,152,120	4,152,120

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before March 31, 2015 and 2014) for the three months ended March 31, 2015 and 2014 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Three Months Ended March 31			
	2015		2014	
	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Gains
CDIB and subsidiaries				
Available-for-sale financial assets	$ -	$ -	$ -	$ 17,540
KGI Securities and subsidiaries				
Available-for-sale financial assets	-	214,361	-	(276,965)

69. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required by the Securities and Futures Bureau for the Corporation and subsidiaries:

1) Financing provided: Not applicable to the Corporation, CDIB and KGI Bank. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation, CDIB and KGI Bank. For other subsidiaries' information: Please refer to Table 2 (attached).

3) Marketable securities held: Not applicable to the Corporation, CDIB, KGI Bank, and KGI Securities and subsidiaries. For other subsidiaries' information: Please refer to Table 3 (attached).

4) Subsidiaries are acquired and disposed of, at cost or price of at least NT$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): None

5) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the issued capital: For the Corporation: None.

6) Disposal of individual real estate at price of at least NT$300 million or 10% of the issued capital: For the Corporation and other subsidiaries' information: None.

7) Discount on service fees received from related parties amounting to NT$5 million: For the Corporation and other subsidiaries' information: None.

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 51 and Table 4 (attached).

9) Sold nonperforming loans: Please refer to Table 5 (attached).

10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.

11) Other significant transactions which may affect the decisions of financial statement users: None.

12) The information of investees: None

13) Derivative transactions of the Corporation and subsidiaries: Please refer to Notes 8, 57 and 58 to the consolidated financial statements.

c. Subsidiaries investment in Mainland China: Please refer to Table 9 (attached).

d. Business relationships and significant transactions among the Corporation and its subsidiaries: Please refer to Table 10 (attached).

70. SEGMENT INFORMATION

The reportable segments of the Corporation are Industrial banking, Securities and Commercial banking. Under the Regulations Governing the Establishment Criteria and Administration of Industrial Banks and relevant regulations, Industrial Banking engaged in principal investment business, global financial market business and corporate banking business. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Under The Banking Act of The Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution.

The accounting policies of the operating segments are the same as the Corporation's accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit, income before income tax, assets and liabilities are composed of revenues and expenses directly attributable to an operating segment.

a. Segment revenues and results

The following is an analysis of the Corporation and subsidiaries' revenue and results of operating by reportable segment:

	Industrial Banking	Securities	Commercial Banking	Other	Total
For the three months ended March 31, 2015					
Interest profit (loss), net	$ 973,754	$ 586,310	$ 1,120,565	$ (194,631)	$ 2,485,998
Noninterest profit (loss), net	1,513,037	3,591,579	431,209	(5,091)	5,530,734
Net profit (loss)	2,486,791	4,177,889	1,551,774	(199,722)	8,016,732
Reversal of allowance for bad debts and losses on guarantees, net	48,394	2,368	114,485	-	165,247
Operating expenses	(742,772)	(2,957,393)	(962,097)	(356,837)	(5,019,099)
Income (loss) before income tax	1,792,413	1,222,864	704,162	(556,559)	3,162,880
Income tax expense	(66,722)	(169,727)	(109,402)	(34,544)	(380,395)
Net income (loss)	$ 1,725,691	$ 1,053,137	$ 594,760	$ (591,103)	$ 2,782,485
For the three months ended March 31, 2014					
Interest profit (loss), net	$ 1,220,872	$ 653,030	$ -	$ (86,825)	$ 1,787,077
Noninterest profit, net	2,100,677	2,727,970	-	7,883	4,836,530
Net profit (loss)	3,321,549	3,381,000	-	(78,942)	6,623,607
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	73,990	(402)	-	-	73,588
Operating expenses	(744,848)	(2,540,390)	-	(332,967)	(3,618,205)
Income (loss) before income tax	2,650,691	840,208	-	(411,909)	3,078,990
Income tax benefit (expense)	(285,008)	(92,622)	-	33,884	(343,746)
Net income (loss)	$ 2,365,683	$ 747,586	$ -	$ (378,025)	$ 2,735,244

b. Segment assets and liabilities

	Industrial Banking	Securities	Commercial Banking	Other	Total
March 31, 2015					
Assets	$ 465,760,421	$ 306,267,096	$ 165,428,570	$ 2,282,238	$ 939,738,325
Liabilities	$ 349,241,349	$ 246,396,676	$ 141,756,942	$ 26,984,429	$ 764,379,396
December 31, 2014					
Assets	$ 472,026,367	$ 275,341,172	$ 170,120,501	$ 2,213,178	$ 919,701,218
Liabilities	$ 352,533,842	$ 218,503,782	$ 146,900,607	$ 25,739,280	$ 743,677,511
March 31, 2014					
Assets	$ 462,064,483	$ 251,268,481	$ -	$ 2,581,436	$ 715,914,400
Liabilities	$ 334,144,186	$ 182,577,262	$ -	$ 26,644,963	$ 543,366,411

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	Richpoint Company Limited	KG Investments Holdings Limited	Receivables, net	Yes	$ 3,768,120	$ 3,768,120	$ 3,768,120	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 11,559,305	$ 11,559,305 (Note 1)
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	2,983,095	2,983,095	1,727,055	Floating	Short-term financing	-	Capital increase	-	-	-	3,297,105 (Note 2)	10,676,340 (Note 2)
		KGI Futures (Hong Kong) Limited	Receivables, net	Yes	942,030	942,030	942,030	Floating	Short-term financing	-	Capital increase	-	-	-	942,030	
		KGI International Finance Limited	Receivables, net	Yes	4,710,150	4,710,150	3,809,569	Floating	Short-term financing	-	Working capital	-	-	-	4,710,150	

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline." The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline." The guideline states that, for each borrowing company, the financing amount should not exceed 10% of the net worth of the financing company, but the restriction of 40% of the borrower's net worth will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by KGI; the limit set by the financing company should be approved by the board of directors and risk management committee.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 2

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	CDIB Management Consulting Corporation	CDIB International Leasing Corp.	Note 1	$ 8,271,388	$ 4,770,146	$ 4,770,146	$ 2,661,277	$ -	288.35%	$ 8,271,388 (Note 2)	No	No	Yes
2	KGI Securities Co., Ltd.	KGI Fraser Securities Pte. Ltd.	Note 1	6,116,186	1,161,774	1,141,740	-	-	1.87%	24,464,742 (Note 3)	No	No	No
		KGI Ong Capital Pte. Ltd.	Note 1	6,116,186	1,141,740	1,141,740	-	-	1.87%		No	No	No
3	KGI International Holdings Limited	KGI Asia Limited	Note 1	3,768,120	921,619	921,400	411,353	-	7.90%	10,833,345 (Note 4)	No	No	No
		KGI Alliance Corporation	Note 1	1,884,060	1,884,060	1,884,060	-	-	16.15%		No	No	No
		KGI International Finance Limited	Note 1	3,768,120	628,020	628,020	-	-	5.38%		No	No	No
		KGI Asia Limited/KGI International Finance Limited	Note 1	-	2,355,075	2,355,075	1,029,670	-	20.19%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	314,010	188,406	188,406	-	-	1.61%		No	No	No
		KGI Finance Limited	Note 1	314,010	78,503	78,503	-	-	0.67%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	1,256,040	942,030	942,030	-	-	8.07%		No	No	No
		KGI International Finance Limited/KGI International (Hong Kong) Limited/KGI Finance Limited	Note 1	-	213,527	213,527	-	-	1.83%		No	No	No
		KGI Capital (Singapore) Pte. Ltd.	Note 1	628,020	157,005	157,005	-	-	1.35%		No	No	No
		KGI Asia Limited/KGI Futures (Hong Kong) Limited	Note 1	-	47,102	47,102	-	-	0.40%		No	No	No
		KGI Ong Capital Pte. Ltd.	Note 1	628,020	628,020	628,020	-	-	5.38%		No	No	No

Note 1: The Corporation and subsidiary owns directly or indirectly over 50% ownership of the investee company.

Note 2: CDIB Management Consulting Corporation: The total amount of guarantee provided should not exceed 5 times of the company's net asset value of the latest financial report.

Note 3: The limit of maximum guarantee provided by KGI Securities Co., Ltd.'s is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 4: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline." For each and all company, the amount of guarantee provided should not exceed 20% of the guarantee provider's net asset value. The restriction of 20% of the guarantee provider's net asset value will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by KGI. The limit of guarantee amount provided should be approved by the board of directors and risk management committee.

Note 5: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
R.O.C. Strategic Company Ltd.	Stocks							
	Lion Travel Service Co., Ltd.	-	Available-for-sale financial assets	319,000	$ 34,452	0.46	$ 34,452	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	100,000	4,350	0.76	4,350	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	2,279	0.17	2,279	
	HIM International Music Inc.	-	Available-for-sale financial assets	477,900	42,868	1.35	42,868	
	Victory New Materials Limited Company	-	Available-for-sale financial assets	1,281,735	145,477	1.45	145,477	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	640,000	2,240	1.83	5,377	
	Azotek Co., Ltd.	-	Financial assets measured at cost	412,250	13,823	0.82	4,137	
	AMPAK Technology Inc.	-	Financial assets measured at cost	604,325	12,398	0.72	6,192	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	750,000	16,500	1.74	3,729	
	Evervision Electronics Co., Ltd.	-	Financial assets measured at cost	596,222	11,599	2.59	18,869	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	1,987	
	CBA Sports International Limited	-	Financial assets measured at cost	160,714	24,364	0.28	29,464	
	Option							
	CBA Sports International Limited - preferred stock	-	Financial assets measured at cost	-	44,584	-	91,785	(Note 4)
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	111,607	-	111,607	
CDIB Strategic Venture Fund, Ltd.	Stocks							
	Lion Travel Service Co., Ltd.	-	Available-for-sale financial assets	80,000	8,640	0.11	8,640	
	Newmax Technology Co., Ltd.	-	Available-for-sale financial assets	743,847	27,076	0.73	27,076	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	100,000	4,350	0.76	4,350	
	Capital Securities Corporation	-	Available-for-sale financial assets	884,887	9,070	0.04	9,070	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	2,279	0.17	2,279	
	HIM International Music Inc.	-	Available-for-sale financial assets	477,900	42,868	1.35	42,868	
	Victory New Materials Limited Company	-	Available-for-sale financial assets	1,504,878	170,804	1.70	170,804	
	Cando Corporation	-	Available-for-sale financial assets	1,110,583	7,508	0.28	7,508	
	Alpha Imaging Technology Corp.	-	Available-for-sale financial assets	156,375	4,866	0.28	4,866	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,280,000	4,480	3.66	10,755	
	Azotek Co., Ltd.	-	Financial assets measured at cost	412,250	13,823	0.82	4,137	
	AMPAK Technology Inc.	-	Financial assets measured at cost	604,325	12,398	0.72	6,192	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	750,000	16,500	1.74	3,729	
	CBA Sports International Limited	-	Financial assets measured at cost	354,107	53,682	0.62	64,918	
	Derbysoft Holdings Limited - preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	41.69	128,926	(Note 4)
	Derbysoft Holdings Limited - preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	28,642	(Note 4)
	Option							
	CBA Sports International Limited - preferred stock	-	Financial assets measured at cost	-	98,234	-	202,233	(Note 4)
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	111,607	-	111,607	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
China Venture Management Inc.	Stocks							
	CDIB CME Fund Ltd.	Associate	Investments accounted for using equity method	1,500,000	$ 14,623	1.00	$ 14,623	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using equity method	875,000	8,543	1.00	8,543	
	Siliconware Precision Industries Co., Ltd.	-	Available-for-sale financial assets	300,000	15,630	0.01	15,630	
	InnoLux Display Corporation	-	Available-for-sale financial assets	271,170	4,244	-	4,244	
	Giga Solution Tech. Co., Ltd.	-	Available-for-sale financial assets	440,916	10,670	0.37	10,670	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	2,279	0.17	2,279	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	24,240	0.68	24,240	
	Alpha Imaging Technology Corp.	-	Available-for-sale financial assets	11,727	365	0.02	365	
	Progate Group Corporation	-	Financial assets measured at cost	27,274	325	0.08	263	
	MCM Stamping Co., Ltd.	-	Financial assets measured at cost	70,000	2,100	0.22	972	
CDIB Capital Management Corporation (formerly named CDIB Equity Inc.)	Stocks							
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	71,280	0.41	71,280	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	65,660	5,955	0.05	5,955	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,229	3,975	0.18	3,975	
	Transcend Information, Inc.	-	Available-for-sale financial assets	90,933	10,094	0.02	10,094	
	Hua Jung Components Co., Ltd.	-	Available-for-sale financial assets	5,252	37	-	37	
	ASRock Inc.	-	Available-for-sale financial assets	54,022	4,111	0.05	4,111	
	Sharehope Medicine Co., Ltd.	-	Available-for-sale financial assets	177,736	6,807	0.30	6,807	
	Altek Corporation	-	Available-for-sale financial assets	70,708	2,584	0.03	2,584	
	Initio Corporation	-	Financial assets measured at cost	93,285	684	0.52	1,107	
	Wells Tech Optical Co., Ltd.	-	Financial assets measured at cost	327,364	3,274	0.51	2,946	
	Arcoa Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	18,204	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	1,536	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	12,060	1.44	3,385	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,442,883	13,645	2.16	15,887	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using equity method	51,900,000	205,586	100.00	205,586	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Subsidiary	Investments accounted for using equity method	-	HK$ 4,756	65.00	HK$ 4,756	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using equity method	-	HK$ 240	4.53	HK$ 240	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Stocks							
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using equity method	-	RMB 3,943	93.02	RMB 3,943	
CDIB Venture Capital Corporation	Stocks							
	Iron Force Industrial Co., Ltd.	-	Available-for-sale financial assets	1,910,000	252,120	2.66	252,120	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	207,120	1.91	207,120	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	133,339	3.65	133,339	
	Twi Pharmaceuticals, Inc.	-	Available-for-sale financial assets	1,800,260	372,654	1.59	372,654	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	19,125	0.77	19,125	
	K Laser Technology Inc.	-	Available-for-sale financial assets	703,148	11,004	0.40	11,004	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	4,117,158	54,964	6.56	54,964	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	44,349	1.15	44,349	
	Formosa Advanced Technologies Co., Ltd.	-	Available-for-sale financial assets	100,000	2,315	0.02	2,315	
	Chicony Power Technology Co., Ltd.	-	Available-for-sale financial assets	4,040,100	175,744	1.13	175,744	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,584,328	101,601	1.51	101,601	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	2,621,996	62,983	0.30	62,983	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,065	73,547	0.42	73,547	
	Gallant Precision Machine Co., Ltd.	-	Available-for-sale financial assets	1,247,499	16,779	0.73	16,779	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	789,462	65,052	0.44	65,052	
	Trea Xtal Technology Corp.	-	Available-for-sale financial assets	4,250,961	46,761	2.23	46,761	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Venture Capital Corporation	Stocks							
	Hua Jung Co., Ltd.	-	Available-for-sale financial assets	4,829,275	$ 33,563	2.71	$ 33,563	
	Alpha Imaging Technology Corp.	-	Available-for-sale financial assets	384,189	11,956	0.69	11,956	
	Chipsip Technology Co., Ltd.	-	Available-for-sale financial assets	428,928	7,240	1.02	7,240	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	35,235	6.15	35,235	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	32,302	0.37	32,302	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	213,284	8,169	0.36	8,169	
	Cando Corporation	-	Available-for-sale financial assets	3,737,475	26,878	0.96	26,878	
	Hotron Precision Electronic Industrial Co., Ltd.	-	Available-for-sale financial assets	1,273,387	26,741	2.00	26,741	
	ADDA Corp.	-	Available-for-sale financial assets	5,045,430	41,524	3.45	41,524	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	80,428	1.58	80,428	
	Aces Connectors Co., Ltd.	-	Available-for-sale financial assets	2,850,421	104,183	2.30	104,183	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	1,110,000	67,932	2.93	67,932	
	Focal Tech Corporation, Ltd.	-	Available-for-sale financial assets	706,497	25,434	0.17	25,434	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	2,594,562	122,723	0.45	122,723	
	Enterex International Limited	-	Available-for-sale financial assets	3,750,000	131,250	3.73	131,250	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,660,875	38,273	2.01	30,610	
	Global Mobile Corp.	-	Financial assets measured at cost	2,272,338	25,915	0.82	19,063	
	Allied Biotech Corp.	-	Financial assets measured at cost	2,750,000	27,500	2.91	26,950	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	4,478	
	Chain Yarn Co., Ltd.	-	Financial assets measured at cost	843,653	11,504	0.55	6,260	
	Compliance Certification Services Inc.	-	Financial assets measured at cost	749,271	15,000	2.12	22,136	
	Kentec Inc.	-	Financial assets measured at cost	1,512,000	45,720	1.64	41,770	
	Top Green Technologies Inc.	-	Financial assets measured at cost	2,000,000	20,000	0.89	6,266	
	Biodenta Corporation	-	Financial assets measured at cost	4,333,333	68,000	3.32	49,097	
	M2Communication, Inc.	-	Financial assets measured at cost	5,090,000	74,610	17.13	96,710	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.48	43,583	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	10.17	44,688	
	Interactive Digital Technologies Inc.	-	Financial assets measured at cost	3,000,000	61,640	7.14	169,470	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	931	
	Solar PV Corporation	-	Financial assets measured at cost	14,000,000	168,264	9.14	48,186	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	219,039	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Financial assets measured at cost	2,990,000	44,445	9.09	78,517	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	119,994	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	28,000,000	85,624	19.86	143,797	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	170,655	
	Crown Bioscience, International	-	Financial assets measured at cost	6,076,476	105,485	2.59	202,536	
	Cvie Therapeutics Company Limited - preferred stock B	-	Financial assets measured at cost	560,000	59,880	21.05	59,965	
	Deanfa Corporation - preferred stock	-	Financial assets measured at cost	901,963	255,383	17.45	271,387	(Note 4)
	Dyaco International Inc.	-	Financial assets measured at cost	5,310,000	175,230	6.80	200,187	(Note 4)
	Andes Technology Corporation	-	Financial assets measured at cost	1,130,385	75,736	3.17	75,736	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using equity method	270,000,000	986,619	100.00	986,619	
	Depositary receipt							
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	3,200,000	9,056	0.21	9,056	
CDIB Venture Capital (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 8,940	100.00	HK$ 8,940	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 11,837	70.00	HK$ 11,837	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 8,346	56.00	HK$ 8,346	
	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 165,658	-	HK$ 165,658	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	<u>Stocks</u>							
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 2,385	20.00	RMB 2,385	
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	<u>Fund</u>							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 3,864	-	RMB 3,864	
CDIB Capital Investment I Limited	<u>Stocks</u>							
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 89	100.00	US$ 89	
	Samson Holding Ltd.	-	Available-for-sale financial assets	11,830,000	US$ 1,632	0.39	US$ 1,632	
	Da Chan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 5,036	4.74	US$ 5,036	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	28,000,000	US$ 1,246	1.83	US$ 1,246	
	B&M Holdings, Inc.	-	Financial assets measured at cost	199,999	US$ 8,828	10.00	US$ 15,172	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 4,532	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 18,129	(Note 4)
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 944	(Note 4)
	Touch Media International Holdings - preferred stock -B	-	Financial assets measured at cost	8,097,973	US$ 8,826	60.44	US$ 13,199	(Note 4)
	Rock Mobile (Cayman) Co. - preferred stock-C	-	Financial assets measured at cost	840,336	US$ 1,000	3.26	US$ 1,384	(Note 4)
	<u>Fund</u>							
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using equity method	-	US$ 51,229	-	US$ 51,229	
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 10,371	-	US$ 8,752	
	Ripley Cable Holdings I, L.P.	-	Financial assets measured at cost	-	US$ 6,556	-	US$ 31,720	
	Doughty Hanson & Co V, Limited Partnership2	-	Financial assets measured at cost	-	US$ 10,459	-	US$ 7,470	
	Calera XV, LLC	-	Financial assets measured at cost	-	US$ 15,136	-	US$ 18,413	
	<u>Option</u>							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets measured at cost	-	US$ 2,705	-	US$ 15,755	
	<u>Convertible (exchangeable) corporate bond</u>							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 6,619	-	US$ 6,861	
Subicvest, Inc.	<u>Stock</u>							
	Spec Properties Inc.	-	Financial assets measured at cost	242,683	PHP 2,590	3.44	PHP 2,590	
CDIB Capital Investment II Limited	<u>Stocks</u>							
	Neo-neon Holdings Ltd.	-	Available-for-sale financial assets	14,000,000	US$ 1,896	0.72	US$ 1,896	
	Indostar Capital	-	Financial assets measured at cost	927,500	US$ 9,275	4.66	US$ 13,348	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	927,500	US$ 9,275	15.79	US$ 13,348	(Note 4)
	Sungjoo Design Tech & Distribution Inc. - preferred stock A	-	Debt instruments with no active markets	3,334	US$ 11,545	50.01	US$ 11,667	(Note 4)
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 2,981	
	<u>Options</u>							
	Sungjoo Design Tech & Distribution Inc.	-	Financial assets measured at cost	-	US$ 1,833	-	US$ 14,927	
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 9,286	
	<u>Fund</u>							
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost	-	US$ 21,263	-	US$ 33,392	
CDIB Global Markets I Limited	<u>Stock</u>							
	Light Sciences Oncology, Inc.	-	Financial assets measured at cost	250,000	US$ 6	0.28	US$ 1	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
CDIB Global Markets I Limited	Fund							
	PAI Europe V, L.P.	-	Financial assets measured at cost	-	US$ 5,862	-	US$ 5,127	
	Clayton, Dubilier & Rice Fund VII, L.P.	-	Financial assets measured at cost	-	US$ 4,028	-	US$ 6,052	
	Adams Street Direct Co. Investment Fund, L.P.	-	Financial assets measured at cost	-	US$ 3,851	-	US$ 5,174	
	KKR 2006 Fund, L.P.	-	Financial assets measured at cost	-	US$ 17,038	-	US$ 17,175	
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,807	-	US$ 5,783	
	Silver Lake Partners III, L.P.	-	Financial assets measured at cost	-	US$ 10,939	-	US$ 15,054	
	Sun Capital Partners V, L.P.	-	Financial assets measured at cost	-	US$ 12,773	-	US$ 13,831	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 5,002	-	US$ 6,779	
	Thomas H. Lee Parallel Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 11,384	-	US$ 13,642	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 8,370	-	US$ 7,309	
	THL Equity Fund VI Investors (Clear Channel), L.P.	-	Financial assets measured at cost	-	US$ 12,476	-	US$ 6,238	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 2,351	-	US$ 3,927	
	Tenaya Capital VI, L.P.	-	Financial assets measured at cost	-	US$ 5,515	-	US$ 5,772	
CDIB Global Markets II Limited	Stock							
	Facebook Inc.	-	Available-for-sale financial assets	7,097	US$ 583	-	US$ 583	
	Saleforce.com. Inc.	-	Available-for-sale financial assets	4,609	US$ 308	-	US$ 308	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	746	US$ 19,980	39.98	US$ 27,257	(Note 4)
	Fund							
	Apax Euro VII-B, L.P.	-	Financial assets measured at cost	-	US$ 11,687	-	US$ 9,165	
	GS TDN Investors Offshore, L.P.	-	Financial assets measured at cost	-	US$ 21,000	-	US$ 14,380	
	Carlyle Japan International Partners II, L.P.	-	Financial assets measured at cost	-	US$ 3,005	-	US$ 2,041	
	AIF Capital Asia III, L.P.	-	Financial assets measured at cost	-	US$ 6,686	-	US$ 8,467	
	Oak Hill Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 5,318	-	US$ 5,740	
	OCM European Principal Opportunities Fund II (U.S.), L.P.	-	Financial assets measured at cost	-	US$ 1,595	-	US$ 3,773	
	Clayton, Dubilier & Rice Fund VIII, L.P.	-	Financial assets measured at cost	-	US$ 6,729	-	US$ 8,939	
	First Reserve Fund XII L.P.	-	Financial assets measured at cost	-	US$ 6,231	-	US$ 4,437	
	CX Partners Fund Alpha Limited	-	Financial assets measured at cost	-	US$ 8,761	-	US$ 9,083	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 10,424	-	US$ 11,814	
	Riverwood Capital Partners, L.P.	-	Financial assets measured at cost	-	US$ 11,748	-	US$ 18,019	
	ECP II (Cayman) Ltd. A	-	Financial assets measured at cost	-	US$ 6,015	-	US$ 6,754	
	Sino-Century China Private Equity II L.P.	-	Financial assets measured at cost	-	US$ 520	-	US$ 654	
	KKR Asian Fund II L.P.	-	Financial assets measured at cost	-	US$ 2,333	-	US$ 2,641	
	Carlyle Giovanna Partners, L.P.	-	Financial assets measured at cost	-	US$ 20,531	-	US$ 29,014	
	Blackstone Capital Partners VI, L.P.	-	Financial assets measured at cost	-	US$ 4,281	-	US$ 5,146	
	Industry Ventures Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 4,866	-	US$ 5,241	
	OakTree European Principal Fund III (U.S.), L.P.	-	Financial assets measured at cost	-	US$ 2,353	-	US$ 2,705	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,008	-	US$ 4,142	
CDIB Global Markets III Limited	Stocks							
	Sonics, Inc. - preferred stock-B	-	Financial assets measured at cost	114,359	US$ 333	14.74	US$ 207	(Note 4)
	Microfabrica, Inc. - Preferred Series B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 30	(Note 4)
	Microfabrica, Inc. - Preferred Series AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 18	(Note 4)
	Optoplex Corporation - preferred stock-A	-	Financial assets measured at cost	7,956	US$ 23	0.42	US$ 6	(Note 4)
	Optoplex Corporation - preferred stock-B	-	Financial assets measured at cost	20,602	US$ 31	0.75	US$ 16	(Note 4)
	Good Technology Corporation - preferred stock-C	-	Financial assets measured at cost	1,218,026	US$ 5,000	8.32	US$ 8,612	(Note 4)
	Fund							
	Terra Firma Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 11,779	-	US$ 9,284	
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 6,038	-	US$ 5,448	
	GS Capital Partners VI Offshore, L.P.	-	Financial assets measured at cost	-	US$ 10,199	-	US$ 5,928	
	New Mountain Partners III, L.P.	-	Financial assets measured at cost	-	US$ 10,438	-	US$ 13,477	
	CIVC Partners Fund IV-A, L.P.	-	Financial assets measured at cost	-	US$ 5,131	-	US$ 4,757	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 2,310	-	US$ 2,479	
	Riverwood Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 2,362	-	US$ 1,881	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 4,890	100.00	US$ 4,890	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,359	100.00	US$ 5,359	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,443	100.00	US$ 1,443	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ (11)	100.00	US$ (11)	
CDIB Biotech USA Investment Co., Ltd.	Stocks							
	Amphastar Pharmaceuticals, Inc.	-	Available-for-sale financial assets	40,000	US$ 500	0.11	US$ 598	
	Confor MIS - preferred stock	-	Financial assets measured at cost	563,276	US$ 111	16.52	US$ 111	(Note 4)
China Development Asset Management Corp.	Stocks							
	Development Industrial Bank Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	120,000,000	1,451,615	100.00	1,451,615	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	300,000,000	3,263,103	100.00	3,263,103	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	27,000,000	303,426	100.00	303,426	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	47,337	12.25	47,510	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,598,788	8,672	1.07	103,793	
CDIB Management Consulting Corporation	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	713,821	76.04	713,821	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	967,853	100.00	967,853	
CDC Finance & Leasing Corp.	Stocks							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	1,164	19.00	1,164	
	First Financial Holding Co., Ltd.	-	Available-for-sale financial assets	738,386	13,742	0.01	13,742	(Note 5)
Global Securities Finance Corporation	Stocks							
	Chailease Holding Company Limited	-	Financial assets at fair value through profit or loss	170,000	13,260	-	13,260	
	Macauto Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	120,000	16,200	-	16,200	
	Epistar Corporation	-	Financial assets at fair value through profit or loss	140,000	7,056	-	7,056	
	Aerospace Industrial Development Corporation	-	Financial assets at fair value through profit or loss	470,000	16,944	-	16,944	
	Ruentex Development Co., Ltd.	-	Financial assets at fair value through profit or loss	100,000	6,850	-	6,850	
	FB SSE 180	-	Financial assets at fair value through profit or loss	840,000	29,652	-	29,652	
	Namchow Chemical Industrial Ltd.	-	Financial assets at fair value through profit or loss	120,000	8,100	-	8,100	
	Nissan Motor Corporation	-	Financial assets at fair value through profit or loss	24,000	7,272	-	7,272	
	Turvo International Co., Ltd.	-	Financial assets at fair value through profit or loss	76,000	8,360	-	8,360	
	Foxconn Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	70,000	5,880	-	5,880	
	E-Lead Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	145,000	10,077	-	10,077	
	Sinbon Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	270,000	13,770	-	13,770	
	Faraday Technology Corp.	-	Financial assets at fair value through profit or loss	225,000	10,237	-	10,237	
	Shin Zu Shing Co., Ltd.	-	Financial assets at fair value through profit or loss	135,000	11,124	-	11,124	
	Innolux Corporation	-	Financial assets at fair value through profit or loss	1,050,000	16,432	-	16,432	
	Bioteque Corporation Co., Ltd.	-	Financial assets at fair value through profit or loss	50,000	3,710	-	3,710	
	Brogent Technology Inc.	-	Financial assets at fair value through profit or loss	33,000	12,359	-	12,359	
	Flexium Interconnect Inc.	-	Financial assets at fair value through profit or loss	80,000	7,208	-	7,208	
	Hu Lane Associate Inc.	-	Financial assets at fair value through profit or loss	75,000	10,838	-	10,838	
	Depo Auto Parts Ind Co., Ltd.	-	Financial assets at fair value through profit or loss	25,000	3,325	-	3,325	
	Honpang Venture Capital Corp.	-	Financial assets measured at cost	1,926,844	9,268	6.25	11,766	
	Chou-chin Industrial Co., Ltd.	-	Financial assets measured at cost	88,072	-	0.18	-	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
Global Securities Finance Corporation	Operating securities							
	Cathay Emerging China Bond	-	Financial assets at fair value through profit or loss	2,000,000	$ 21,651	-	$ 21,651	
	KGI Economic Moat TWD	The fund of KGI's manager	Financial assets at fair value through profit or loss	1,818,717	20,588	-	20,588	
	UPAMC China TWD	-	Financial assets at fair value through profit or loss	1,000,000	11,320	-	11,320	
	Capital Global Biotech TWD	-	Financial assets at fair value through profit or loss	338,295	4,834	-	4,834	
	Prudential Financial Glbl BioHealth TWD	-	Financial assets at fair value through profit or loss	140,964	5,044	-	5,044	
	China SMID Fund	-	Financial assets at fair value through profit or loss	890,320	11,672	-	11,672	
	Franklin Templeton SinoAm Global Gr TWD	-	Financial assets at fair value through profit or loss	500,000	5,125	-	5,125	
	Franklin Templeton SinoAm China Fund	-	Financial assets at fair value through profit or loss	874,126	10,909	-	10,909	
	PineBridge Global Multi-Strat Hi Yld A	-	Financial assets at fair value through profit or loss	2,374,489	29,991	-	29,991	
	FSITC Global High Yield Bond A TWD	-	Financial assets at fair value through profit or loss	2,085,578	30,044	-	30,044	
	Allianz Glbl Inv All Seasons Hvst FOBF A	-	Financial assets at fair value through profit or loss	2,566,691	30,096	-	30,096	
	ABITL Global High Yield T2 TWD	-	Financial assets at fair value through profit or loss	1,000,000	10,000	-	10,000	
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss	10,000,000	100,789	-	100,789	
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss	14,443,201	154,656	-	154,656	
	Capital RMB Money Market TWD	-	Financial assets at fair value through profit or loss	9,748,853	100,204	-	100,204	
	Corporate bonds							
	Taiwan Power Company 3rd Unsecured Corporate Bond-A issue in 2010	-	Held-to-maturity financial assets	40,000,000	40,000	-	40,096	
	Taiwan Power Company 2nd Unsecured Corporate Bond-A issue in 2010	-	Held-to-maturity financial assets	150,000,000	150,000	-	150,228	
	Bank debentures							
	Hwatai Bank 1st Subordinate Financial Debentures-A issue in 2010	-	Available-for-sale financial assets	30,000,000	31,131	-	31,131	
	Bank SinoPac Third Subordinated Bank Debentures issued in 2011	-	Other assets	150,000,000	152,347	-	152,110	
	E.SUN Bank 1st Subordinate Financial Debentures-A issue in 2014	-	Other assets	50,000,000	50,000	-	50,284	
	Government bond							
	A90106	-	Other assets	150,000,000	156,482	-	150,482	

Note 1: The Corporation and subsidiaries recognized the related income or loss of investees as required by regulations. For decline in value that was other than temporary, investment loss was recognized.

Note 2: The amounts were net of allowance for losses.

Note 3: Market prices of listed and OTC stocks were calculated at the closing prices of March 31, 2015. The net assets values of unlisted stocks, on which the Bank recognized its investment incomes in the current year, were calculated on the basis of audited financial statements of the same period of the holding company or the net assets values of the investees, market values of emerging stocks, the cost of acquiring an investee's newly issued shares or book value of the investees. However, the net asset values of investees do not represent the value of unlisted stocks on the balance sheet date.

Note 4: The market value or net worth of preferred stock is equal to the ratio of preferred shares held to the number of preferred shares outstanding multiplied by the total market value or total net worth of all of investee's common and preferred shares.

Note 5: The issued commercial papers as collateral of which 611,659 shares.

Note 6: No securities were treated as collaterals or warrants, except for those disclosed in the Note 5.

Note 7: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

(Concluded)

TABLE 4

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
MARCH 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
China Development Financial Holding Corporation (the "Corporation")	KGI Securities Co., Ltd.	Subsidiary	$ 426,847	-	$ -	-	$ -	$ -
	China Development Industrial Bank	Subsidiary	309,166	-	-	-	-	-
China Development Industrial Bank	The Corporation	Parent company	530,220	-	-	-	-	-

Note: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SOLD NONPERFORMING LOANS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars)

1. Summary of sold nonperforming loans

Transaction Date	Counter Party	Type of Loans	Carrying Value (Note)	Selling Price	Disposal Gain (Loss)	Other Condition	Relationship of Counter-party with the Subsidiaries
2015.03.24	A	Real estate mortgages	$ 6,662	$ 9,060	$ 2,398	-	-

Note: Carrying value = Original amount - Allowance for bad debts

2. Sale of nonperforming loans exceeding NT$1 billion (excluding related-party transactions): For the Corporation and subsidiaries: None.

TABLE 6

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2015	December 31, 2014	March 31, 2014	
China Development Financial Holding Corporation (the "Corporation")	China Development Industrial Bank	Industrial bank	100.00	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	-	
China Development Industrial Bank	China Venture Management Inc.	Management company of venture fund	100.00	100.00	100.00	
	R.O.C. Strategic Company Ltd.	Venture fund	100.00	100.00	100.00	
	CDIB Capital Management Corporation (formerly named CDIB Equity Inc.)	Management company of venture fund	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	CDIB Strategic Venture Fund Ltd.	Venture fund	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Global Markets I Limited	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets II Limited	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets III Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital International Corporation	Management company of venture fund	100.00	100.00	100.00	
CDIB Capital Investment I Limited	Subicvest Inc.	Leasing	100.00	100.00	100.00	
	CDIB Capital Asia Partners L.P.	Private equity fund	(Note 1)	(Note 1)	(Note 1)	
CDIB Capital Asia Partners L.P.	CBTL Holdings Corporation	Venture fund	(Note 1)	100.00	-	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	76.04	76.04	64.90	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	
China Development Asset Management Corp.	Development Industrial Bank Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	Chung Hwa Growth 3 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	Chung Hwa Growth 4 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Management company of venture fund	100.00	100.00	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2015	**December 31, 2014**	**March 31, 2014**	
CDIB Capital International Corporation	CDIB Capital International (Korea) Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital Asia Partners Limited	Management of private equity fund	100.00	100.00	100.00	(Note 2)
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
CDIB Venture Capital (Hong Kong) Corporation Limited	CDIB Private Equity Management Corporation	Management and consulting	100.00	100.00	100.00	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	70.00	70.00	70.00	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	56.00	56.00	56.00	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	CPEC Huachuang private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	20.00	20.00	20.00	
CDIB Capital Management Corporation (formerly named CDIB Equity Inc.)	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	65.00	65.00	-	
	CPEC Huachuang private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	4.53	4.53	-	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	CPEC Huachuang private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	93.02	93.02	-	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting; discretionary investment services	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	99.99	99.99	99.99	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	99.61	
	Global Securities Finance Corporation	Stock loans and financing purchase of securities	21.99	21.99	21.99	(Note 3)
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
	ANEW Holdings Limited	Investment holdings	100.00	100.00	100.00	
KGI International Holdings Limited	KG Investments Pacific Limited	Investment services	100.00	100.00	100.00	
	KG Investments Asset Management (International) Limited	Investment services	100.00	100.00	100.00	
	Pacific Glory Finance One Limited	Investment services	100.00	100.00	100.00	
	KGI Limited	Investment holdings	100.00	100.00	100.00	
	Supersonic Services Inc.	Investment holdings	100.00	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	100.00	100.00	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2015	December 31, 2014	March 31, 2014	
ANEW Holdings Limited	KGI Capital (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Wealth Management Limited	Securities investment	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
KGI Limited	KGI Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Futures (Hong Kong) Limited	Futures and options investment and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Nominees Limited	Trust agent	100.00	100.00	100.00	
	KGI Hong Kong Limited	Management services	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	Bauhinia 8 Fund	Fund company	100.00	100.00	100.00	
	KGI Global Asset Management Limited	Asset management	100.00	100.00	100.00	
	Grand Cathay Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Investment and consulting	100.00	100.00	-	(Note 4)
	TG Holborn (HK) Limited	Insurance brokerage	100.00	100.00	-	(Note 4)
Supersonic Services Inc.	KGI Korea Limited	Investment holdings	100.00	100.00	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	100.00	(Note 5)
	KGI Capital (Singapore) Pte. Ltd.	Futures investment services	100.00	100.00	100.00	(Note 6)
	Jubilant Dynasty Limited	Investment services	100.00	100.00	100.00	
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	100.00	100.00	100.00	
	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy	100.00	100.00	100.00	
Grand Cathay Securities (Hong Kong) Limited	Grand Cathay Capital (Hong Kong) Limited	Investment services	100.00	100.00	100.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Ong Capital Pte. Ltd.	Futures investment and foreign - currency services	100.00	100.00	-	(Note 7)
	KGI Fraser Securities Pte. Ltd.	Securities investment	100.00	-	-	(Note 8)
KGI Bank	Cosmos Insurance Brokers Co., Ltd.	Life and property insurance Brokers	100.00	100.00	-	

(Continued)

Unconsolidated subsidiaries

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2015	December 31, 2014	March 31, 2014	
China Development Industrial Bank	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	50.00	As of March 31, 2015, CDIB's investment in CDIB Biotech USA Investment Co., Ltd. of CDIB had amounted to $14,818 thousand; CDIB Biotech USA Investment Co., Ltd. was approbated to liquidate by the Board of Director on April 20, 2008, therefore, CDIB Biotech USA Investment Co., Ltd. was not included in the consolidated financial statement.
Chung Hwa Growth 3 Asset Management Corp.	Qing-Xing-Xing Industrial Corp.	House and building development leasing	-	-	100.00	Qing-Xing-Xing Industrial Corp. was approbated to liquidate by the Board of Director on December 23, 2013, therefore, Qing-Xing-Xing Industrial Corp. was not included in the consolidated financial statement and it was liquidated in October 2014.
	Cheng-Xi Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	-	100.00	Cheng-Xi I Management Corp. was approbated to liquidate by the Board of Director on December 23, 2013, therefore, Cheng-Xi I Management Corp. was not included in the consolidated financial statement and it was liquidated in March 2015.
CDC Finance & Leasing Corp.	CDC Finance & Leasing (BVI) Corp.	Leasing	-	-	100.00	CDC Finance & Leasing (BVI) Corp. was approbated to liquidate by the board of director on July 31, 2014, therefore, was not included in the consolidated financial statement and it was liquidated in October 2014.
KGI Securities Co., Ltd.	Grand Cathay Holding Limited	Holding company	-	-	-	Grand Cathay Holding Limited was approbated to liquidate by the board of directors on December 27, 2013, therefore, Grand Cathy Holding Limited was not included in the consolidated financial statement.

Note 1: Under IFRS 10, the Company will recognize control over CDIB Capital Asia Partners L.P. and CBTL Holdings Corporation, a wholly owned subsidiary of CDIB Asia Partners L.P. since the acquisition date. But prior to the application of IFRS 10, the subsidiary of the Companies' ownership interest in both of the companies are treated as investments in associate and thus accounted the investments as investments accounted for using the equity method. The Company no longer has control over neither of the company due to the decrease of the percentage owned by the Company since March 31, 2015.

Note 2: CDIB Capital Asia Partners Limited conducted registration of establishment on March 21, 2014, however, CDIB had not invested any capital as of March 31, 2015.

Note 3: KGI Securities Co., Ltd. jointly held 21.99% of the shares of Global Securities Finance Corporation (GSFC) and obtained more than half of the seats in the board of director, therefore, GSFC should be included in the consolidated financial statements.

Note 4: KGI Limited the invested enterprises of KGI Securities Co., Ltd. purchase TG Holborn (HK) Limited and Alpha Global Asset Management Limited was approved by the government of Taiwan and Singapore, complete the procedure on December 22, 2014. Alpha Global Asset Management Limited changed its name to KGI Asset Management Limited on March 6, 2015 and approved by rule No. 1030029490 issued by the FSC on September 16, 2014.

Note 5: KGI Securities (Singapore) Pte Ltd. is formerly an asset management corporation in Singapore. The authority approved it to adjust operating items to holding company in April 2014, and changed its name to KGI Asia (Holdings) Pte. Ltd.

Note 6: KGI Capital (Singapore) Pte Ltd. applied for cancellation of business license and out of business for one year was approved by the government of Taiwan in July 2014 and complete the procedure in October 2014.

(Continued)

Note 7: KGI Asia (Holdings) Pte. Ltd. (formerly named KGI Securities (Singapore) Pte. Ltd.), the invested enterprises of KGI Securities Co., Ltd., purchased Ong First Tradition Pte. Ltd., completing the procedure on April 29, 2014 after approved by the government of Taiwan and Singapore, and changed its name from Ong First Tradition Pte. Ltd. to KGI Ong Capital Pte. Ltd. after approved by rule No. 1020052694 issued by the FSC on January 21, 2014.

Note 8: KGI Asia (Holdings) Pte. Ltd. (formerly named KGI Securities (Singapore) Pte. Ltd.), the invested enterprises of KGI Securities Co., Ltd., purchase AmFraser Securities Pte. Ltd., completing the procedure on January 30,2015 after approved by the government of Taiwan and Singapore, and changed its name from AmFraser Securities Pte.Ltd.to KGI Fraser Securities Pte. Ltd. after approved by rule No. 1030039427 issued by the FSC on October 23, 2014.

(Concluded)

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE
DECEMBER 31, 2014
(In Millions of New Taiwan Dollars; %)

China Development Industrial Bank (CDIB)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
Taipower Corporation	$ 15,128	8.88
KGI Investment Holdings Limited	9,496	5.58
China Merchants Bank Co., Ltd.	9,949	5.84
China CITIC Bank Corporation Limited	8,415	4.94
Citi Group Inc.	5,825	3.42
Bank of America Corp.	5,612	3.30
China Construct BK ASIA	5,087	2.99
Ping An Bank Co., Ltd.	5,011	2.94
CDIB & Partners Investment Holding Corporation	4,850	2.85
JP Morgan Chase & Co.	4,796	2.82
China Life Insurance Company Limited	4,568	2.68
China Development Asset Management Corp.	4,486	2.63
Formosa Petrochemical Corporation	4,277	2.51
InnoLux Display Corporation	4,084	2.40
Nan Ya Plastics Corporation	4,032	2.37
Farglory Group	4,026	2.36
Industrial Bank Co., Ltd.	3,862	2.27
China MinSheng Bank	3,831	2.25
Formosa Chemicals & Fibre Corporation	3,607	2.12
Bank of Beijing Corp	3,546	2.08
Far EasTone Telecommunication Co., Ltd.	3,401	2.00
CTCI Corporation	3,296	1.94
Taiwan Semiconductor Manufacturing Company Limited	3,235	1.90
Qisda Corporation	3,004	1.76
Total	$ 127,424	74.83
2. The same group		
Formosa Plastics Group	$ 15,734	9.24
China CITIC Group	8,890	5.22
Fubon Group	7,597	4.46
Foxconn Technology Group	7,340	4.31
The Far Eastern Group	6,822	4.01
BenQ Group	5,916	3.47

(Continued)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio of Net Assets Value of the Corporation (%)
Farglory Group	$ 4,352	2.56
Qsan Technology Group	3,692	2.17
CTCI Group	3,534	2.08
UMC Group	3,258	1.91
TSMC Group	3,244	1.90
Total	$ 70,379	41.33

(Concluded)

TABLE 8

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

China Development Financial Holding Corporation

1. Balance sheets

Assets	**March 31, 2015 (Reviewed)**	**December 31, 2014 (Audited after Restated)**	**March 31, 2014 (Reviewed after Restated)**
Cash and cash equivalents	$ 1,193,792	$ 1,458,812	$ 7,648,078
Available-for-sale financial assets	1,269,068	1,293,830	1,459,668
Receivables, net	159	155	163
Current tax assets	1,182,978	1,114,182	1,800,260
Investments accounted for using the equity method, net	195,019,834	192,203,350	182,624,860
Other financial assets	300	300	300
Property and equipment, net	11,739	12,251	11,659
Other assets, net	540,333	544,217	534,219
Total	$ 199,218,203	$ 196,627,097	$ 194,079,207
Liabilities and Equity			
Derivative financial liabilities for hedging	$ 9,691	$ 20,659	$ 53,297
Commercial paper payable	3,399,819	2,999,869	6,899,943
Payables	575,518	1,000,906	576,628
Current tax liabilities	894,509	791,615	1,847,654
Bonds payable	19,000,000	18,000,000	18,000,000
Other loans	3,599,511	3,599,573	599,864
Provisions	24,763	24,161	27,014
Other liabilities	10,006	208	16,825
Total liabilities	27,513,817	26,436,991	28,021,225
Equity			
Share capital			
Share capital - common	153,533,183	153,438,493	150,369,666
Advance receipts for share capital - common	250	5,969	-
Capital surplus	600,999	590,923	528,030
Retained earnings			
Legal reserve	3,077,853	3,077,853	2,247,453
Special reserve	1,123,858	1,123,858	3,609,815
Unappropriated earnings	18,018,236	15,275,884	11,470,218
Other			
Exchange differences on translating foreign operation	(228,519)	201,379	(1,295,463)
Unrealized gain (loss) on available-for-sale financial assets	(63,750)	(177,929)	1,414,208
Unrealized loss on cash flow hedges	(9,691)	(20,659)	(51,872)
Others	(76,415)	(26,956)	(63,787)
Treasury shares	(4,271,618)	(3,298,709)	(2,170,286)
Total equity	171,704,386	170,190,106	166,057,982
Total	$ 199,218,203	$ 196,627,097	$ 194,079,207

(Continued)

2. Statements of comprehensive income

	For the Three Months Ended March 31	
	2015 (Reviewed)	**2014 (Reviewed after Restated)**
REVENUES		
Investment income recognized using the equity method	$ 3,104,701	$ 2,972,447
Others	184	291
Total revenues	3,104,885	2,972,738
EXPENSES AND LOSSES		
Operating expenses	(227,591)	(228,868)
Others	(97,575)	(88,646)
Total expenses and losses	(325,166)	(317,514)
NET PROFIT BEFORE INCOME TAX	2,779,719	2,655,224
INCOME TAX BENEFIT (EXPENSE)	(34,544)	33,884
NET PROFIT FOR THE PERIOD	2,745,175	2,689,108
OTHER COMPREHENSIVE INCOME		
Unrealized gain (loss) on available-for-sale financial assets	(24,762)	19,549
Unrealized gain on cash flow hedges	10,968	11,018
Share of the other comprehensive income (loss) of associates	(290,151)	495,504
Income tax relating to components of other comprehensive income	(806)	187,552
Other comprehensive income (loss) for the period, net of income tax	(304,751)	713,623
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 2,440,424	$ 3,402,731
BASIC EARNINGS PER SHARE	$0.18	$0.18
DILUTED EARNINGS PER SHARE	$0.18	$0.18

(Continued)

3. Statements of changes in equity

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Share Capital			Retained Earnings			Other Equity					
	Common Stock	Advance Receipts for Share Capital - Common	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Cash Flow Hedges	Others	Treasury Shares	Total Equity Attributable to Stockholders of Parent Company
BALANCE AT JANUARY 1, 2014	$ 150,308,833	$ -	$ 535,087	$ 2,247,453	$ 3,609,815	$ 8,799,179	$ (1,945,718)	$ 1,343,715	$ (44,747)	$ (24,126)	$ (2,170,286)	$ 162,659,205
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(18,069)	-	-	-	-	-	(18,069)
BALANCE AT JANUARY 1, 2014 AS RESTATED	150,308,833	-	535,087	2,247,453	3,609,815	8,781,110	(1,945,718)	1,343,715	(44,747)	(24,126)	(2,170,286)	162,641,136
Net profit for the three months ended March 31, 2014 as restated	-	-	-	-	-	2,689,108	-	-	-	-	-	2,689,108
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	-	650,255	70,493	(7,125)	-	-	713,623
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	2,689,108	650,255	70,493	(7,125)	-	-	3,402,731
Share-based payment	60,833	-	(7,057)	-	-	-	-	-	-	(39,661)	-	14,115
BALANCE AT MARCH 31, 2014	$ 150,369,666	$ -	$ 528,030	$ 2,247,453	$ 3,609,815	$ 11,470,218	$ (1,295,463)	$ 1,414,208	$ (51,872)	$ (63,787)	$ (2,170,286)	$ 166,057,982
BALANCE AT JANUARY 1, 2015	$ 153,438,493	$ 5,969	$ 590,923	$ 3,077,853	$ 1,123,858	$ 15,378,140	$ 205,176	$ (177,929)	$ (20,659)	$ (26,956)	$ (3,298,709)	$ 170,296,159
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(102,256)	(3,797)	-	-	-	-	(106,053)
BALANCE AT JANUARY 1, 2015 AS RESTATED	153,438,493	5,969	590,923	3,077,853	1,123,858	15,275,884	201,379	(177,929)	(20,659)	(26,956)	(3,298,709)	170,190,106
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	-	391	-	-	-	-	-	-	-	-	391
Net profit for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	-	-	-	-	-	2,745,175
Other comprehensive income for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	(429,898)	114,179	10,968	-	-	(304,751)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	(429,898)	114,179	10,968	-	-	2,440,424
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(972,909)	(972,909)
Share-based payment	94,690	(5,719)	9,685	-	-	(2,823)	-	-	-	(49,459)	-	46,374
BALANCE AT MARCH 31, 2015	$ 153,533,183	$ 250	$ 600,999	$ 3,077,853	$ 1,123,858	$ 18,018,236	$ (228,519)	$ (63,750)	$ (9,691)	$ (76,415)	$ (4,271,618)	$ 171,704,386

(Continued)

4. Statements of cash flows

	For the Three Months Ended March 31	
	2015 (Reviewed)	**2014 (Reviewed after Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 2,779,719	$ 2,655,224
Adjustments for:		
Depreciation and amortization expenses	1,221	1,254
Interest expense	90,838	86,827
Interest income	(8)	(8)
Share-based payment compensation cost	13,935	14,115
Share of the profit of associates	(3,104,413)	(2,972,003)
Others	23	-
Changes in operating assets and liabilities		
Receivables	(4)	6
Other assets	3,016	3,726
Payables	(311,460)	(67,973)
Other liabilities	10,400	17,391
Interest paid	(204,767)	(194,036)
Interest received	8	8
Net cash used in by operating activities	(721,492)	(455,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(310)	(210)
Net cash used in investing activities	(310)	(210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	399,950	400,003
Proceeds from issue of corporate Bonds	6,000,000	-
Repayments of corporate Bonds	(5,000,000)	-
Exercise of employee share options	29,803	-
Purchase of treasury stock	(972,909)	-
Others	(62)	28
Net cash generated from financing activities	456,782	400,031
NET DECREASE IN CASH AND CASH EQUIVALENTS	(265,020)	(55,648)
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	1,458,812	7,703,726
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	$ 1,193,792	$ 7,648,078

(Continued)

China Development Industrial Bank

1. Condensed balance sheets

Assets	March 31, 2015 (Reviewed)	December 31, 2014 (Audited after Restated)	March 31, 2014 (Reviewed after Restated)
Cash and cash equivalents, due from the Central Bank and other banks	$ 39,257,399	$ 39,410,515	$ 63,084,539
Financial assets at fair value through profit or loss	51,743,033	52,822,232	33,160,559
Derivative financial assets for hedging	-	-	1,425
Securities purchased under resell agreements	16,369,914	23,414,342	10,585,322
Receivables, net	40,938,246	42,088,269	51,022,202
Current tax assets	530,230	530,230	1,318,944
Discounts and loans, net	129,115,951	126,039,603	113,618,525
Available-for-sale financial assets	124,932,782	119,820,629	100,514,452
Investments accounted for using the equity method, net	46,039,577	45,589,993	45,907,473
Restricted assets	292,694	295,224	301,854
Financial assets measured at cost	9,742,721	10,132,065	12,360,830
Other financial assets	1,446,150	1,446,150	25,965,736
Properties and equipment, net	1,752,944	1,774,402	1,834,087
Investment properties, net	124,345	93,740	67,825
Deferred tax assets	-	-	100,329
Other assets, net	3,235,429	6,042,167	1,632,023
Total assets	$ 465,521,415	$ 469,499,561	$ 461,476,125
Call loans from banks	$ 4,181,970	$ 10,331,413	$ 9,527,458
Financial liabilities at fair value through profit or loss	19,016,266	24,351,007	12,291,925
Securities sold under repurchase agreements	64,715,924	63,299,830	74,372,080
Payables	4,011,773	3,185,114	4,871,118
Current tax liabilities	408,819	405,749	402,977
Deposits and remittances	209,335,137	179,209,448	165,833,019
Bank debentures payable	3,558,025	12,540,304	13,486,157
Principal of structured products	43,492,999	60,671,951	61,213,400
Other financial liabilities	376,116	379,913	365,443
Provisions	404,271	404,643	375,490
Deferred tax liabilities	241,555	241,555	241,555
Other liabilities	773,260	861,273	906,010
Total liabilities	350,516,115	355,882,200	343,886,632
Share capital	56,603,994	56,603,994	61,603,994
Capital surplus	28,698,489	28,696,849	28,704,680
Retained earnings	30,549,633	28,835,450	27,129,463
Exchange differences on translating foreign operations	(641,557)	(357,161)	(1,414,173)
Unrealized gain (loss) on available-for-sale financial assets	(205,259)	(161,771)	1,564,104
Unrealized gain on cash flow hedge	-	-	1,425
Total equity	115,005,300	113,617,361	117,589,493
Total liabilities and equity	$ 465,521,415	$ 469,499,561	$ 461,476,125

(Continued)

2. Condensed statements of comprehensive income

	For the Three Months Ended March 31	
	2015 (Reviewed)	**2014 (Reviewed after Restated)**
Interest revenue	$ 1,493,513	$ 1,740,066
Interest expense	(658,084)	(636,060)
Interest profit, net	835,429	1,104,006
Noninterest profits and gains, net	1,382,544	1,695,923
Total net revenues	2,217,973	2,799,929
Reversal of allowance for bad debts and losses on guarantees, net	55,645	70,799
Operating expenses	(516,720)	(460,661)
Net profit before income tax	1,756,898	2,410,067
Income tax expense	(42,715)	(66,073)
Net profit for the period	1,714,183	2,343,994
Other comprehensive income for the period, net of income tax	(327,884)	1,167,638
Total comprehensive income for the period	$ 1,386,299	$ 3,511,632
Basic earnings per share	$0.30	$0.38

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

	March 31, 2015	December 31, 2014	March 31, 2014
Current assets	$ 147,414,131	$ 151,867,008	$ 132,103,356
Noncurrent assets	33,048,924	32,744,788	35,405,943
Total assets	$ 180,463,055	$ 184,611,796	$ 167,509,299
Current liabilities	$ 115,476,986	$ 120,924,753	$ 97,242,221
Noncurrent liabilities	2,528,399	2,525,188	1,483,977
Total liabilities	118,005,385	123,449,941	98,726,198
Share capital - common	37,988,123	37,988,123	45,988,123
Capital surplus	8,636,192	8,634,882	9,545,585
Retained earnings	14,623,900	13,590,391	13,298,214
Others	1,209,455	948,459	(48,821)
Total equity	62,457,670	61,161,855	68,783,101
Total liabilities and equity	$ 180,463,055	$ 184,611,796	$ 167,509,299

2. Condensed statements of comprehensive income

	For the Three Months Ended March 31	
	2015	2014
Operating revenues	$ 2,529,267	$ 2,173,246
Operating expenses	(2,016,650)	(1,855,101)
Profit from operations	512,617	318,145
Share of the profit of subsidiaries, associates and joint ventures	450,629	262,835
Other revenue and expense	145,001	188,490
	595,630	451,325
Net profit before income tax	1,108,247	769,470
Income tax expense	(74,738)	(41,254)
Net profit for the period	1,033,509	728,216
Other comprehensive income	260,996	(572,332)
Total comprehensive income for the period	$ 1,294,505	$ 155,884
Basic earnings per share	$0.27	$0.16

(Continued)

KGI Bank

1. Condensed balance sheets

	March 31, 2015	December 31, 2014
Cash and cash equivalents, due from the Central Bank and other banks	$ 30,829,517	$ 11,111,831
Financial assets at fair value through profit or loss	418,530	328,423
Receivables, net	8,681,481	9,822,745
Current tax assets	90,294	82,730
Discounts and loans, net	98,287,100	99,737,872
Available-for-sale financial assets	8,538,238	10,114,775
Held-to-maturity financial assets, net	-	18,600,000
Investments accounted for using the equity method, net	789,003	764,261
Other financial assets	2,710,300	4,231,540
Properties and equipment, net	5,668,462	5,683,784
Investment properties, net	462,699	463,264
Intangible assets	169,999	161,050
Deferred tax assets	5,118,415	5,222,411
Other assets, net	601,756	584,931
	$ 162,365,794	$ 166,909,617
Call loans from banks	$ 2,586,691	$ 2,349,365
Financial liabilities at fair value through profit or loss	19,815	2,577
Securities sold under repurchase agreements	2,283,330	5,528,614
Payables	1,398,227	1,835,297
Current tax liabilities	6,175	-
Deposits and remittances	135,103,402	137,426,584
Other financial liabilities	671,071	12,114
Provisions	161,074	161,682
Deferred tax liabilities	76,372	90,441
Other liabilities	534,024	589,284
Total liabilities	142,840,181	147,995,958
Share capital - common	15,307,334	15,307,334
Capital surplus	137,408	137,331
Retained earnings	4,057,667	3,464,147
Others	23,204	4,847
Total equity	19,525,613	18,913,659
Total liabilities and equity	$ 162,365,794	$ 166,909,617

(Continued)

2. Condensed statements of comprehensive income

	For the Three Months Ended March 31, 2015
Interest revenue	$ 1,488,124
Interest expense	(367,664)
Interest profit, net	1,120,460
Noninterest profits and gains, net	411,781
Total net revenues	1,532,241
Reversal of allowance for bad debts and losses on guarantees, net	114,485
Operating expenses	(945,288)
Net profit before income tax	701,438
Income tax expense	(107,918)
Net profit for the period	593,520
Other comprehensive income for the period, net of income tax	18,357
Total comprehensive income for the period	$ 611,877
Basic earnings per share	$0.39

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2015	Accumulated Inward Remittance of Earnings as of March 31, 2015
					Outflow	Inflow						
China Healthcare Multi-services, Inc.	Third party medical services under emergency	RMB 41,192 thousand	Note 1. c.	US$ 1,871 thousand	$ -	$ -	US$ 1,871 thousand	(Note 3)	14.42	$ -	$ 59,591	$ -
China Peptides (Wuhan) Co., Ltd.	Sale and R&D protein drugs	US$ 10,000 thousand	Note 1. c.	US$ 2,262 thousand	-	-	US$ 2,262 thousand	(Note 3)	19.99	-	67,792	-
JHL Biotech, Inc. (Wuhan)	R&D protein drugs	RMB 50,000 thousand	Note 1. c.	US$ 734 thousand	-	-	US$ 734 thousand	(Note 3)	8.00	-	22,118	-
Beauty Essential International Ltd.	Sale and R&D the cosmetic	US$ 2,000 thousand	Note 1. c.	US$ 2,262 thousand	-	-	US$ 2,262 thousand	(Note 3)	8.71	-	67,521	-
Changshu Everbright Material Technology Co., Ltd.	Cold roll steel plate, galvanized steel plate, pre-painted steel plate	US$ 130,000 thousand	Note 1. c.	US$ 2,523 thousand	-	-	US$ 2,523 thousand	(Note 3)	1.32	-	- (Note 4)	59,553
Derby Software (Shanghai) Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry	US$ 10,000 thousand	Note 1. c.	US$ 2,800 thousand	-	-	US$ 2,800 thousand	(Note 3)	41.69 (Note 5)	-	91,938	-
Derby Software (Shanghai) Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry	US$ 10,000 thousand	Note 1. c.	US$ 464 thousand	-	-	US$ 464 thousand	(Note 3)	9.26 (Note 5)	-	12,297	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments	US$ 35,200 thousand	Note 1. c.	US$ 2,400 thousand	-	-	US$ 2,400 thousand	(Note 3)	1.66	-	78,434	-
Jinjiang Chandra Shoes Industry Co., Ltd.	Soles and shoe material R&D, manufacture and sale	HK$ 135,926 thousand	Note 1. c.	US$ 6,449 thousand	-	-	US$ 6,449 thousand	(Note 3)	5.46	-	192,632	-
Solar PV Corp.	Solar cell manufacture and sell	US$ 79,940 thousand	Note 1. c.	US$ 11,400 thousand	-	-	US$ 11,400 thousand	(Note 3)	9.14	-	339,711	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering	US$ 17,130 thousand	Note 1. c.	US$ 3,000 thousand	-	-	US$ 3,000 thousand	(Note 3)	10.23	-	99,603	-
Unifun Computer (Shanghai) Co., Ltd.	Internet service provider	US$ 8,000 thousand	Note 1. c.	US$ 1 dollar	-	-	US$ 1 dollar	(Note 3)	6.75	-	-	-
Strong LED Lighting Systems (Suzhou) Corporation	LED lighting system	US$ 10,000 thousand	Note 1. c.	US$ 1,260 thousand	-	-	US$ 1,260 thousand	(Note 3)	9.09	-	37,334	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging	US$ 87,070 thousand	Note 1. c.	US$ 228 thousand	-	-	US$ 228 thousand	(Note 3)	1.79	-	7,159	-
Touch Equipment Leasing (Shanghai) Co., Ltd.	Mobile interactive LCD equipment leasing	US$ 8,000 thousand	Note 1. c.	US$ 669 thousand	-	-	US$ 669 thousand	(Note 3)	9.61	-	21,007	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2015	Accumulated Inward Remittance of Earnings as of March 31, 2015
					Outflow	Inflow						
Touch Multimedia Technology (Shanghai) Co., Ltd.	Multimedia technology, network technology, computer software development, design production and sales	RMB 114,660 thousand	Note 1. c.	US$ 1,080 thousand	$ -	$ -	US$ 1,080 thousand	(Note 3)	9.61	-	33,913	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods	EUR 4,460 thousand	Note 1. c.	EUR 140 thousand	-	-	EUR 140 thousand	(Note 3)	5.00	-	4,727	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service	US$ 18,500 thousand	Note 1. c.	US$ 699 thousand	-	-	US$ 699 thousand	(Note 3)	4.27	-	10,811	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service	US$ 400 thousand	Note 1. c.	US$ 33 thousand	-	-	US$ 33 thousand	(Note 3)	4.27	-	510	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale; enterprise management consulting; enterprise planning and international transport agent	RMB 20,000 thousand	Note 1. c.	RMB 1,016 thousand	-	-	RMB 1,016 thousand	(Note 3)	4.27	-	2,533	-
Tianjin Mu Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale; enterprise management consulting; enterprise planning and international transport agent	US$ 500 thousand	Note 1. c.	US$ 42 thousand	-	-	US$ 42 thousand	(Note 3)	4.27	-	643	-
CDIB Private Equity Management Corporation	Management and consulting	US$ 4,000 thousand	Note 1. b.	US$ 4,000 thousand	-	-	US$ 4,000 thousand	338	100.00	338	36,201	-
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	RMB 10,000 thousand	Note 1. b.	RMB 7,000 thousand	-	-	RMB 7,000 thousand	6,721	70.00	4,705	47,930	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	RMB 12,000 thousand	Note 1. b.	RMB 6,720 thousand	-	-	RMB 6,720 thousand	(204)	70.00	(143)	45,863	-
CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment	RMB 400,000 thousand	Note 1. b.	RMB 137,200 thousand	-	-	RMB 137,200 thousand	(17,843)	-	(6,245)	684,490	-
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	RMB 7,000 thousand	Note 1. b.	RMB 4,550 thousand	-	-	RMB 4,550 thousand	(4,508)	65.00	(2,930)	19,259	-
CPEC Huachuang Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting	RMB 4,300 thousand	Note 1. b.	RMB 195 thousand	-	-	RMB 195 thousand	34	65.00	22	20,928	-
CDIB International Leasing Corporation	Financial leasing and management business consulting	RMB 187,750 thousand	Note 1. d.	US$ 30,000 thousand	-	-	US$ 30,000 thousand	10,271	100.00	10,271	967,853	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2015	Accumulated Inward Remittance of Earnings as of March 31, 2015
					Outflow	Inflow						
Focus Multimedia Technology (Shanghai) Co., Ltd.	LCD advertising and multimedia network information systems software R&D; multimedia network engineering design consultancy; market research and intermediary service; LCD displays and related electronic product manufacture, assembling, integrating, packing and sale	US$ 38,000 thousand	Note 1. c.	US$ 16,612 thousand	$ -	$ -	US$ 16,612 thousand	(Note 3)	0.94	-	521,640	-
Focus (China) Information Technology Co., Ltd.	LCD advertising, software and hardware of computers manufacture and sale, and network technology design and development; computer integrated design, debugging and maintenance; self-developed technological achievement transfer; related technologies consultancy and technical service	US$ 10,000 thousand	Note 1. c.	US$ 4,371 thousand	-	-	US$ 4,371 thousand	(Note 3)	0.94	-	137,259	-
Chi Zhong Information Technology Co., Ltd.	LCD advertising, software and hardware of computers manufacture and sale, and network technology design and development; computer integrated design, debugging and maintenance; self-developed technological achievement transfer; related technologies consultancy and technical service	US$ 10,000 thousand	Note 1. c.	US$ 875 thousand	-	-	US$ 875 thousand	(Note 3)	0.94	-	27,466	-
Shanghai OOH Advertising Co., Ltd.	Domestic and foreign advertisement design, production, releases and agent	US$ 400 thousand	Note 1. c.	US$ 174 thousand	-	-	US$ 174 thousand	(Note 3)	0.94	-	5,465	-
GSD Industrial Co., Ltd.	Pumps manufacture and sale	RMB 50,000 thousand	Note 1. c.	US$ 2,235 thousand	-	-	US$ 2,235 thousand	(Note 3)	19.86	-	68,353	-
Shengzhuang Co., Ltd.	Cosmetics sales	RMB 54,300 thousand	Note 1. c.	US$ 5,000 thousand	-	-	US$ 5,000 thousand	(Note 3)	5.44	-	151,150	-
Lightel Technologies Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps	US$ 3,100 thousand	Note 1. c.	US$ 202 thousand	-	-	US$ 202 thousand	(Note 3)	13.48	-	6,060	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 313,432 thousand	Note 1. c.	US$ 1,750 thousand	-	-	US$ 1,750 thousand	(Note 3)	7.73	-	54,954	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 195,686 thousand	Note 1. c.	US$ 1,357 thousand	-	-	US$ 1,357 thousand	(Note 3)	7.73	-	42,610	-
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy	US$ 2,000 thousand	Note 1. c.	US$ 2,000 thousand	-	-	US$ 2,000 thousand	(6,134)	100.00	(6,134)	38,286	-

Accumulated Investment in Mainland China as of March 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$4,722,482	USD289,170 thousand	$123,221,684

(Continued)

Note 1: The investment types are as follows:

a. Remittances through a third place.
b. Reinvested through a new founded company at a third place.
c. Reinvested through an investee company at a third place.
d. Direct investments.
e. Other.

Note 2: The column "Investment Gain" should state clearly:

a. If there were no gains or losses during preparation

b. Income recognition was based on the:

1) Financial statements reviewed by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements reviewed by the CPA firm of the parent company in Taiwan;
3) Other.

c. If information of net income (loss) of the investee is not available.

Note 3: Investee Company was not significantly influenced by the Company, therefore the Corporation cannot acquire the related financial information.

Note 4: The Corporation indirectly invested in Changshu Everbright Material Technology Co., Ltd. through its subsidiary's investment in Ferro China on which the Corporation fully impaired and recognized an impairment loss in 2008.

Note 5: The ratios of investees' preferred stock A or B held by subsidiaries was calculated by dividing the number of held preferred shares by the number of preferred shares outstanding.

Note 6: The Corporation formerly indirectly invested in Wuxi Paiho Testiles Co., Ltd. and Dongguan Paihong Corporation Ltd. through its subsidiary's investment in Paiho Shih Holdings Corporation. Because Paiho Shih Holdings Corporation has been listed on the Taiwan Stock Exchange on August 17, 2011, refer to its financial report for the information.

Note 7: The Corporation formerly indirectly invested in Focal Tech System Co., Ltd. through its subsidiary's investment in Focal Tech Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 8: The Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary's investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 9: The Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yanghou Enteres Industrial Co., Ltd. Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	China Development Industrial Bank	1	Cash and cash equivalents	$ 1,143,971	Note 4	0.12%
1	China Development Industrial Bank	The Corporation	2	Deposit and remittances	1,143,971	Note 4	0.12%
0	The Corporation	China Development Industrial Bank	1	Current tax liabilities	530,220	Note 4	0.06%
1	China Development Industrial Bank	The Corporation	2	Current tax assets	530,220	Note 4	0.06%
0	The Corporation	China Development Industrial Bank	1	Current tax assets	309,166	Note 4	0.03%
1	China Development Industrial Bank	The Corporation	2	Current tax liabilities	309,166	Note 4	0.03%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	426,847	Note 4	0.05%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	426,847	Note 4	0.05%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax liabilities	129,638	Note 4	0.01%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax assets	129,638	Note 4	0.01%
1	China Development Industrial Bank	KGI Securities Co., Ltd.	3	Deposit and remittances	1,228,227	Note 4	0.13%
2	KGI Securities Co., Ltd.	China Development Industrial Bank	3	Cash and cash equivalents	1,228,227	Note 4	0.13%
1	China Development Industrial Bank	KGI Securities Co., Ltd.	3	Financial assets at fair value through profit or loss	423,668	Note 4	0.05%
2	KGI Securities Co., Ltd.	China Development Industrial Bank	3	Financial liabilities at fair value through profit or loss	423,668	Note 4	0.05%
1	China Development Industrial Bank	KGI Securities Co., Ltd.	3	Securities purchased under resell agreements	149,925	Note 4	0.02%
2	KGI Securities Co., Ltd.	China Development Industrial Bank	3	Securities sold under repurchase agreements	149,925	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
1	China Development Industrial Bank	KGI Securities Co., Ltd.	3	Receivables on securities sold	$ 109,805	Note 4	0.01%
2	KGI Securities Co., Ltd.	China Development Industrial Bank	3	Payables on securities purchased	109,805	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Bank	3	Restricted assets	896,210	Note 4	0.10%
3	KGI Bank	KGI Securities Co., Ltd.	3	Deposit and remittances	896,210	Note 4	0.10%
1	China Development Industrial Bank	CDIB Venture Capital Corporation	3	Deposit and remittances	1,431,870	Note 4	0.15%
4	CDIB Venture Capital Corporation	China Development Industrial Bank	3	Cash and cash equivalents	1,431,870	Note 4	0.15%
1	China Development Industrial Bank	CDIB Global Markets I Limited	3	Deposit and remittances	1,279,006	Note 4	0.14%
5	CDIB Global Markets I Limited	China Development Industrial Bank	3	Cash and cash equivalents	1,279,006	Note 4	0.14%
1	China Development Industrial Bank	CDIB Capital Investment I Limited and its subsidiaries	3	Deposit and remittances	1,136,345	Note 4	0.12%
6	CDIB Capital Investment I Limited and its subsidiaries	China Development Industrial Bank	3	Cash and cash equivalents	1,136,345	Note 4	0.12%
1	China Development Industrial Bank	CDIB Global Markets II Limited	3	Deposit and remittances	1,064,025	Note 4	0.11%
7	CDIB Global Markets II Limited	China Development Industrial Bank	3	Cash and cash equivalents	1,064,025	Note 4	0.11%
1	China Development Industrial Bank	CDIB Global Markets III Limited	3	Deposit and remittances	995,669	Note 4	0.11%
8	CDIB Global Markets III Limited	China Development Industrial Bank	3	Cash and cash equivalents	995,669	Note 4	0.11%
1	China Development Industrial Bank	CDIB Capital Investment II Limited	3	Deposit and remittances	264,834	Note 4	0.03%
9	CDIB Capital Investment II Limited	China Development Industrial Bank	3	Cash and cash equivalents	264,834	Note 4	0.03%
10	China Venture Management Inc.	CDIB Strategic Venture Fund Ltd.	3	Receivables, net	156,275	Note 4	0.02%
11	CDIB Strategic Venture Fund Ltd.	China Venture Management Inc.	3	Payables	156,275	Note 4	0.02%
1	China Development Industrial Bank	CDIB Capital International Corporation and its subsidiaries	3	Deposit and remittances	119,431	Note 4	0.01%
12	CDIB Capital International Corporation and its subsidiaries	China Development Industrial Bank	3	Cash and cash equivalents	119,431	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	588,843	Note 4	0.06%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
13	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Customers’ equity accounts - futures	$ 588,843	Note 4	0.06%
2	KGI Securities Co., Ltd.	KGI Asia Limited	3	Receivables, net	164,320	Note 4	0.02%
14	KGI Asia Limited	KGI Securities Co., Ltd.	3	Payables	164,320	Note 4	0.02%
15	Richpoint Company Limited	KG Investments Holdings Limited	3	Receivables, net	3,772,176	Note 4	0.40%
16	KG Investments Holdings Limited	Richpoint Company Limited	3	Other borrowings	3,772,176	Note 4	0.40%
13	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	112,380	Note 4	0.01%
17	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Customers’ equity accounts - futures	112,380	Note 4	0.01%
13	KGI Futures Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Other financial assets	1,043,353	Note 4	0.11%
18	KGI Ong Capital Pte. Ltd.	KGI Futures Co., Ltd.	3	Customers’ equity accounts - futures	1,043,353	Note 4	0.11%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to Subsidiary; (2) from Subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT$100 million.

(Concluded)